QUARTERLY REPORT
AT
30 SEPTEMBER 2004

CSP GROUP

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

CORPORATE BODIES

Board of Directors

Chairman and Managing Director	Francesco	BERTONI (*)
Managing Director	Enzo	BERTONI (*)
Managing Director	Maria Grazia	BERTONI (**)
Managing Director	Carlo	BERTONI (**)
Managing Director	Gianfranco	BOSSI
Directors	Arturo	TEDOLDI
	Renato	ROSSI
	Luigi	BELLAVITA

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

In the third quarter of 2004 the CSP International Group recorded a pre-tax profit of Euro 0.5 million. Consequently, the cumulative result for the period January-September is reduced to a pre-tax loss of Euro 0.3 million compared to a loss of Euro 5.8 million in the same period in the previous year.

Salient results in the period January-September 2004

A summary of the results for the first nine months of the year, expressed in absolute and percentage terms on sales and compared to the same period in the previous year is shown below:

- net consolidated sales of Euro 93.2 million, compared to Euro 103.1 million, a decrease of 9.6%;
- the gross margin (difference between net revenues and cost of sales) was equal to 35.7%, compared to 33.8%:
- the pre-tax result was a loss of Euro 0.3 million, compared to a loss of Euro 5.8 million in the same period in the previous year.

It is noted that included in the income statement under examination is extraordinary income of Euro 2.9 million that will be further commented upon in this report.

Progress in the Three-Year Business Plan

In the period January-September 2004 some important operational results were achieved, in line with the objectives of the plan. The most significant results are as follows.

A. Operational area

AREA	Results Jan/Sept. 2004 vs. Results Jan/Sept. 2003
Inventory	Reduction of Euro 1.0 million
Working Capital	Reduction of Euro 5.2 million
Debt	Reduction of Euro 11.8 million
Financial charges	Reduction of Euro 0.8 million
Cost of labour	Reduction of Euro 1.3 million

B. Innovative products

The innovative products, which provide an improvement in margins, have reached the following values (the data refers to the brands Sanpellegrino and Oroblù):
- in quantity: 10.9%
- in value: 26.7%.

This data indicates that a significant quota of the business derives from new products in the two-year period 2003/2004, with prices two and a half times higher than the average (in that they are not restricted by direct comparison with the competition).

C. Personnel

The table shows the overall reduction in the personnel of the Group of 60 units

Number of employees	September 30, 2004	September 30, 2004	Change
Total	1,182	1,242	- 60

D. Gross margin

The gross margin has recorded the following evolution:

Period	2003	2004
January/September	33.8%	35.7%
Total year	32.3%	

Group performance

Summary statement of income

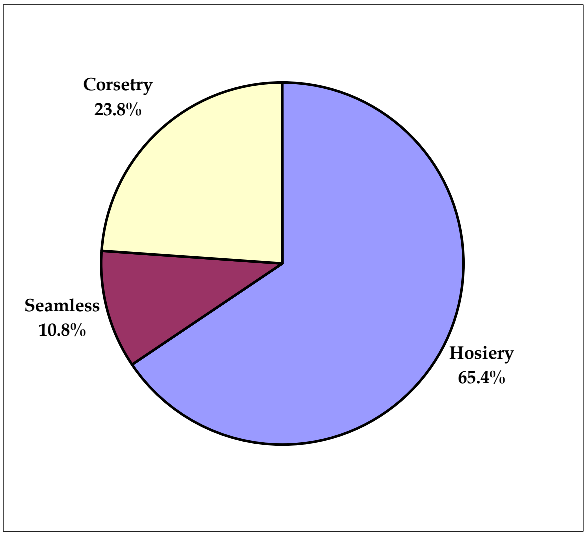
(in millions of Euro)	Quarter 01/07 - 30/09 2004		Quarter 01/07 - 30/09 2003		Period at 30 September 2004		Period at 30 September 2003		Full year at 31 dicembre 2003	
	value	%	value	%	value	%	value	%	value	%
Net sales	32.83	*100.0%*	38.07	*100.0%*	93.19	*100.0%*	103.06	*100.0%*	142.38	*100.0%*
Cost of Sales	21.98	*67.0%*	24.92	*65.4%*	59.89	*64.3%*	68.28	*66.2%*	96.36	*67.7%*
Gross profit	**10.85**	***33.0%***	**13.15**	***34.6%***	**33.30**	***35.7%***	**34.78**	***33.8%***	**46.02**	***32.3%***
Selling, general and administrative costs	11.30	*34.4%*	11.33	*29.8%*	34.73	*37.3%*	36.67	*35.6%*	50.47	*35.4%*
Operating profit	**(0.45)**	***-1.4%***	**1.82**	***4.8%***	**(1.43)**	***-1.5%***	**(1.89)**	***-1.8%***	**(4.45)**	***-3.1%***
Net financial charges	0.62	*1.9%*	0.75	*2.0%*	1.81	*1.9%*	2.65	*2.6%*	3.26	*2.3%*
Net other (income) and charges	(0.05)	*-0.2%*	(0.44)	*-1.1%*	(0.01)	*0.0%*	0.25	*0.3%*	(0.13)	*0.0%*
Extraordinary charges and (income)	(1.53)	*-4.7%*	0.01	*0.0%*	(2.93)	*-3.1%*	1.15	*1.1%*	1.19	*0.8%*
Profit (loss) before taxes	**0.51**	***1.6%***	**1.50**	***3.9%***	**(0.30)**	***-0.3%***	**(5.94)**	***-5.8%***	**(8.77)**	***-6.2%***
Income taxes	(*)	*(*)*	(*)	*(*)*	(*)	*(*)*	(*)	*(*)*	(1.52)	*-1.1%*
Net profit (loss) for the period	**0.51**	***1.6%***	**1.50**	***3.9%***	**(0.30)**	***-0.3%***	**(5.94)**	***-5.8%***	**(10.29)**	***-7.3%***
Minority interests	0.02	*0.0%*	0.04	*0.1%*	(0.01)	*0.0%*	0.09	*0.1%*	0.36	*0.3%*
Net profit (loss) for the Group	**0.53**	***1.6%***	**1.54**	***4.0%***	**(0.31)**	***-0.3%***	**(5.85)**	***-5.7%***	**(9.93)**	***-7.0%***

(*) the quarterly results and at September 30 are pre-tax

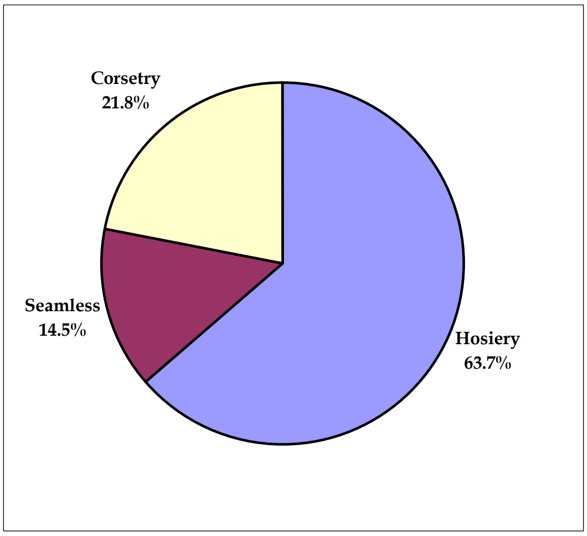
Net sales – Net sales in the third quarter of 2004 decreased from Euro 38.1 million to Euro 32.8 million with a decrease of 13.8% compared to the same period in the previous year, while for the full period sales decreased from Euro 103.1 million to Euro 93.2 million with a decrease of 9.6%. The result in the period, in addition to the continuing decrease in consumption especially in the hosiery market, was negatively impacted by a decrease of Euro 4.9 million of sales of seamless products.

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 2003:

PRODUCTS: % of sales at 30.09.04



PRODUCTS: % of sales at 30.09.03



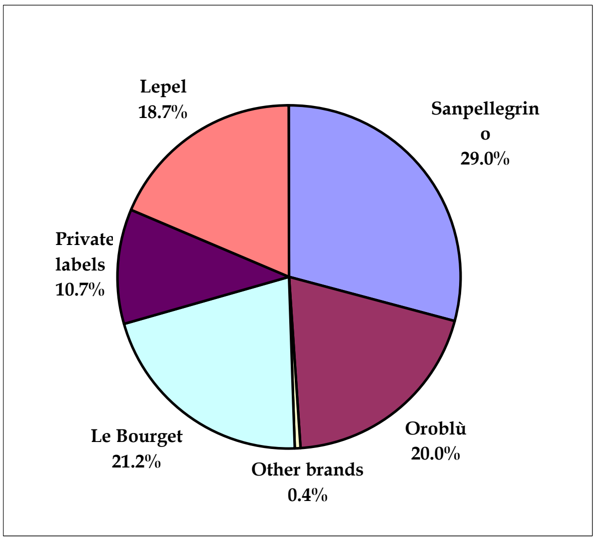
In the first nine months of 2004 hosiery recorded a reduction in sales of 7.2% compared to the corresponding period in the previous year, following the chronic recessionary trend for these products; it is however noted that the decrease slowed down compared to first nine months of 2003 (- 18.9%) and the full year of 2003 (- 16.8%).

In relation to seamless, sales decreased from Euro 14.9 million to Euro 10.0 million (-32.8%) principally due to the saturation of the market and a general reduction in sales prices.

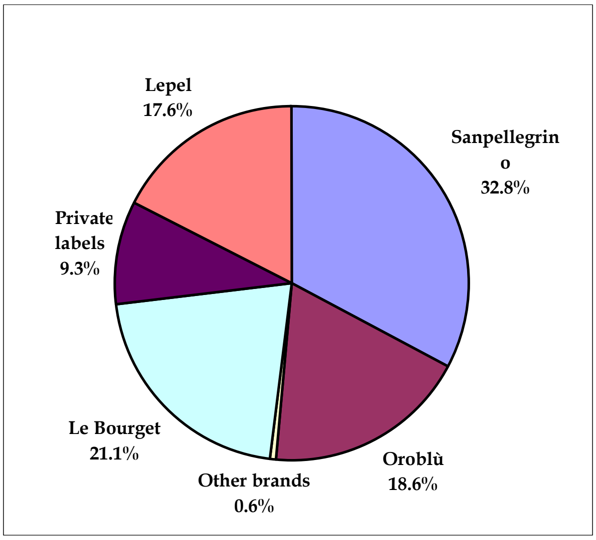
The sales of corsetry in the first nine months remained substantially unchanged compared to the corresponding period in the previous year; however the sales in the third quarter recorded a decrease of Euro

2.5 million compared to the corresponding period in the previous year principally due to the increased competition of new operators with articles at very low prices produced in South East Asia especially in the wholesale channel.

BRANDS: % of sales at 30.09.04

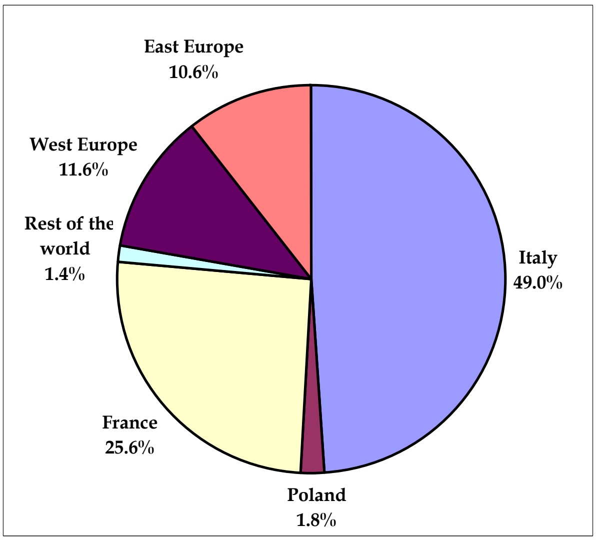


BRANDS: % of sales at 30.09.03

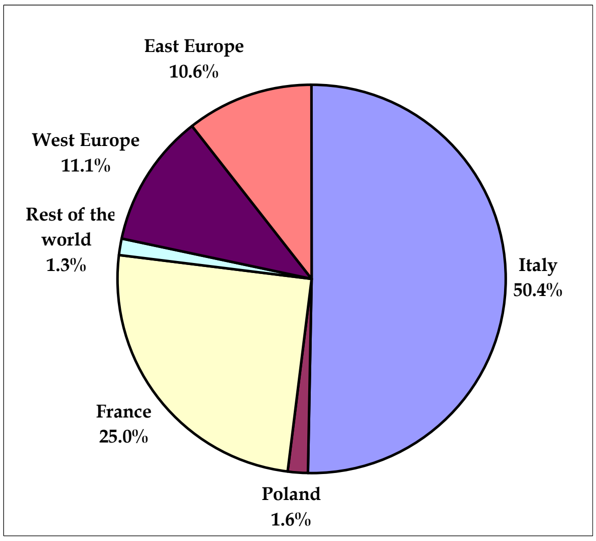


Sanpellegrino is the brand largest affected by the negative decrease in hosiery and seamless sales, and consequently in the period under consideration recorded a total loss in sales of 19.8% (-22.3% in the corresponding period of the previous year).
Oroblù contained the reduction in sales to 3.0% thanks in particular to the positive results obtained with the diversification in corsetry products.
The decrease in consumption in the French market negatively influenced the sales of the Le Bourget brand which recorded a decrease of 9.3% compared to the previous year.
The Lepel brand recorded a reduction in the period of 3.7% principally due to the effect of the above-mentioned problems in the quarter in the corsetry sector.

AREAS: % of sales at 30.09.04



AREAS: % of sales at 30.09.03



In relation to the revenues by geographic area, in Italy there was a reduction of 12.1% attributable, in addition to the noted decrease in consumption, to the above-mentioned problems in the corsetry wholesale channel.
In France the sales of the Group decreased by 7.4% in line with the decrease of hosiery consumption in this market.
In Eastern Europe the sales decreased by 9.5% compared to the corresponding period in 2003 principally due to timing differences in the delivery of goods and customs problems in Russia in the last quarter.

Western Europe recorded a decrease of Euro 0.6 million (-5.6%) principally due to the general decrease in consumption and organisational problems that negatively impacted on the sales in the first two months of the year; however, with these problems overcome, the sales in the second and third quarters increased by Euro 1.5 million compared to the corresponding period in the 2003.

Gross profit – the gross profit margin for the third quarter was 33.0% compared to 34.6% in the same period in the previous year, while for the full period the gross profit margin passed from 33.8% to 35.7%.
The improvement of the margin is principally due to the change in the sales mix, in favour of products with higher margins and the containment of costs in part related to the restructuring plans implemented in the previous year.

Selling, general and administrative costs – Selling, general and administrative costs, amounted to Euro 34.7 million (37.3%) compared to Euro 36.7 million (35.6%) in the same period in the previous year.
The decrease compared to 2003, equal to Euro 2.0 million, is principally due to the reduction of the advertising investments (Euro -1.7 million) due to differences in the scheduling of the campaigns for the different brands of the Group; these costs for the full year will be in line with the costs in previous years.
The increase in depreciation, due principally to the entry into service of the new information technology system, was counter balanced by the reduction in other variable expenses related to sales (principally transport and selling costs).

Operating result – The operating result at September 30, 2004 is a loss of Euro 1.4 million, an improvement of Euro 0.5 million compared to the same period in the previous year principally due to the reduction in advertising investments. The improvement in margins in the period were not sufficient to compensate the decrease in gross margin as a consequence of the reduction in sales volumes.

Financial charges, net – Net financial charges in the first half of 2004 reduced by Euro 0.8 million compared to the same period in the previous year, following the improvement in the net financial position.

Extraordinary income and charges – This account, equal to Euro 2.9 million, refers for Euro 1.4 million to income received from a settlement made relating to a previous acquisition, and for Euro 1.5 million to income deriving from the sale to third parties of the Lepel brand limited to the United Kingdom and Canada.

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

Summary balance sheet

The following table shows the reclassified balance sheet of the Group:

(in millions of Euro)	30 September 2004	30 June 2004	31 December 2003	30 September 2003
Current assets	114.84	111.45	106.57	109.83
Current liabilities	(44.89)	(51.64)	(37.81)	(34.67)
Net working capital	**69.95**	**59.81**	**68.76**	**75.16**
Equity investments (including own share	1.98	3.48	3.57	3.68
Tangible and intangible fixed assets	46.87	49.04	53.78	56.04
Capital employed	**118.80**	**112.33**	**126.11**	**134.88**
Other medium/long-term liabilities	(12.68)	(12.37)	(12.46)	(12.47)
Net capital employed	**106.12**	**99.96**	**113.65**	**122.41**
Net debt	62.23	56.64	69.60	73.99
Shareholders' equity attributable to mino	1.02	1.01	0.94	1.23
Net equity	42.87	42.31	43.11	47.19
Total	**106.12**	**99.96**	**113.65**	**122.41**

(*) income taxes for the period are not calculated as of June 30 and September 30

Working capital – The net working capital at September 30, 2004, equal to Euro 70.0 million, reduced by Euro 5.2 million compared to the same period in 2003; this decrease is principally due to the increase in trade payables, due to the lengthening of the payment terms.
The inventory, equal to Euro 54.5 million, reduced by Euro 1.0 million compared to September 30, 2003, while increased by Euro 7.3 million compared to December 31, 2003 in relation to the seasonality of the business.

Capital employed – The capital employed decreased from Euro 134.9 million at September 30, 2003 to Euro 118.8 million, principally attributable to the above-mentioned reductions in working capital, to the reduction in fixed assets due to depreciation and the write-down in treasury shares held in portfolio corresponding to 4.9% of the share capital.

Net debt – The net debt, as shown in the table below, decreased by approximately Euro 11.8 million compared to September 30, 2003, principally due to the above-mentioned reductions in working capital.
It is also noted that compared to September 30, 2003, in order to obtain a better equilibrium of the financial position, the composition of the debt was changed with the increase of the ratio of medium and long-term debt, from Euro 19.0 million to Euro 29.8 million. This was achieved with the issue of a bond of Euro 5.0 million over five years and a loan of Euro 18.0 million for a duration of eight years.

The net financial position is comprised of:

(in millions of Euro)	30 September 2004	30 June 2004	31 December 2003	30 September 2003
	30 September 2004	30 June 2004	31 December 2003	30 September 2003
Short-term bank borrowings	25.63	36.60	42.79	45.06
Current portion of medium/long-term del	7.74	7.39	11.60	10.80
Cash and banks	(0.98)	(1.47)	(1.07)	(0.88)
Net short-term borrowings	**32.39**	**42.52**	**53.32**	**54.98**
Medium/long-term lending, net of the cu	24.84	9.12	16.28	19.01
	5.00	5.00	0.00	
Net debt	**62.23**	**56.64**	**69.60**	**73.99**

Group performance company by company

In relation to the results of the individual companies, the most significant aspects in the third quarter are noted below recalling that the data referred to is before consolidation adjustments.

Parent Company
The Parent Company includes the brands Sanpellegrino, Oroblù and Lepel and intercompany sales with the subsidiaries Le Bourget and Sanpellegrino Polska.
The single components of the business of the Parent Company are illustrated below.

Sanpellegrino/Oroblù Division
We recall that sales of two brands slowed down, in the first quarter, due to the start-up of the new information systems, which resulted in a complete updating of the company procedures.
This initial handicap was not recovered in the following months. The sales in the period were equal to Euro 57.6 million (Euro 46.6 million net of intercompany) compared to Euro 67.1 million (Euro 52.7 million net of intercompany), with a decrease of 14.1% (11.5% on net).
The reduction is principally due, in addition to the above mentioned operating difficulties in the first quarter, to a reduction of sales in seamless underwear of Euro 4.9 million: this decline is a consequence of a reorganisation of the segment and a general lowering of the prices related to this technology.
Numerals initiatives are in course to improve the competitiveness of our offer and, in particular, the following:

- simplification of the business, with the elimination of marginal codes (in terms of size and colours), in order to concentrate the activities on specific articles and consequently improve the service to the clientele;
- enrichment of the knee high's and socks that constitute, in the stockings market, a segment in constant growth;
- enrichment of the intimate and under jacket fashion offer that, within the seamless technology, is the component with the greatest success;
- re-launch of the Sanpellegrino seamless collections in the wholesale channel and overseas, where the greatest difficulties were encountered;
- integration of the current overseas distribution network, with the insertion of new specialised distributors, for the new merchandise and the new licences, where not covered by the current distributors.

The table below shows the most recent data on the market share (source Institute GFK) of CSP International (Sanpellegrino + Oroblù), that records a positive increase, both in quantity and value in the first nine months of the year and in particular in the previous six months.

Hosiery market	9 months: January/September 2003	9 months: January/September 2004	6 months: March/September	6 months: March/September
Quantity %	7.9	8.0	7.6	8.5
Value %	9.8	10.0	9.5	11.7

Lepel Division
The corsetry division recorded, in the period under consideration, sales of Euro 19.2 million (Euro 19.1 million net of intercompany), compared to Euro 21.3 million in the same period in 2003 (Euro 21.1 million net of intercompany), with a negative change of 9.7% (9.5% on net). In this case the reduction is principally caused by the entry, in the wholesale channel, of new competitors at extremely low prices. The actions taken in response are already in course and are of two types:

- re-launch and repositioning of the two fundamental products of the Lepel collection: Belseno and Revolution, to positively differentiate them from the competition;
- outsourcing of the production (already in place in low labour intensive countries, such as North Africa, Eastern Europe and the Far East), increasing the quantities produced in China.

Le Bourget
The French subsidiary, recorded the following results:

- sales in the period were equal to Euro 25.5 million (Euro 25.2 million net of intercompany), compared to Euro 27.5 million (Euro 27.0 million net of intercompany) in the same period in 2003, a reduction of 7.4% (6.5% on net), in line with the trend in the stocking market;
- the pre-tax result, despite the reduction in sales, contained the loss to Euro 1 million, compared to Euro 1.7 million in the same period in the previous year. The result was obtained thanks to the profit of Euro 1.4 million in the third quarter (an increase compared to the profit of Euro 1.1 million in the third quarter of 2003);
- in relation to the balance sheet, the value of inventory reduced from Euro 13.9 million to Euro 11.2 million.

We recall that the profit in the last quarter in the previous year was Euro 0.9 million. Repeating the same result this year would permit Le Bourget to close the year 2004 at substantially break even.

Sanpellegrino Polska
The Polish company, held 50% by CSP International, in joint venture with a local operator, recorded a small profit, with the following salient data relating to the first nine months of the year:

- sales were maintained stable ad Euro 3.1 million (Euro 2.2 million net of intercompany);
- the profit was equal to Euro 23 thousand, compared to a loss of Euro 224 thousand in the same period in the previous year, thanks to an improvement of five percentage points in the gross margin.

The improvement in the result derives, in particular, from a better organisation of the 16 Oroblù outlets, where the sales have higher margins.

New products and advertising communication
The new products, presented in recent months, were supported by specific advertising campaigns in the different media channels. We summarise the principal activities carried out during the year:

- in January/February TV campaign for Lepel Revolution;
- in March billboard advertising for Lepel Belseno, with Natalia Estradal;
- in March/April press campaign for Sanpellegrino BioComplex L'Angelica and for Oroblù Futurity;
- in the autumn press campaign for Oroblù BioAction Transvital;
- after the end of the third quarter, in the two-month period October/November, TV campaign for Sanpellegrino BioComplex.

Among the new products, we note the presentation to the market of the "Les dessous chic" collection, the first lingerie collection by Le Bourget that will enter into the sales in the fourth quarter of 2004 and in 2005.

Licenses
Below is shown the position of the agreements in place, after the activation of the licenses in the intimates, outwear for leisure time, for Oroblù and Sanpellegrino, in collaboration with the Company Samar, in the third quarter of the year.

	OROBLU'				
MERCHANDISE	**MEN'S STOCKINGS**	**SWIMWEAR**	**PULL OVERS**	**KNITTED UNDERWEAR**	**FREE TIME**
CHANNEL	Retail	Retail	Retail	Retail	Retail
PARTNER	Niga	David	Milar	Samar	Samar
COLLECTION	Oroblù Man	Oroblù Mare	Oroblù Pull-Lovers	Oroblù Underwear	Oroblù Your Time

	SANPELLEGRINO			
MERCHANDISE	**MEN'S STOCKINGS**	**SWIMWEAR**	**KNITTED UNDERWEAR**	**FREE TIME**
CHANNEL	LD	Wholesale and LD	LD	LD
PARTNER	Niga	David	Samar	Samar
COLLECTION	Sanpellegrino Man	Sanpellegrino Beach Time	Sanpellegrino Underwear	Sanpellegrino Free Time

The result from the licenses in the first nine months of 2004 are as follows:

- sales equal to Euro 5.1 million, not consolidated in the sales of the Group;
- royalties equal to Euro 0.3 million, consolidated in the sales of the Group.

Single-brand Oroblù outlets

Currently there are 25 Oroblù outlets: 4 in Italy, 16 in Poland, 3 in Russia and 2 in Croatia. In addition to the Oroblù shops, there are 3 Le Bourget, 1 Sanpellegrino and 1 Lepel outlets.

By the end of the year new openings of Oroblù outlets are programmed:

- in Italy two new outlets, for a total of five new openings for the year 2004;
- a new outlet at Peking, in time for the Chinese New Year.

The outlets in Italy, France and Poland are directly managed by the Company, while in the other countries they are managed by third parties.

Extraordinary operations

Extraordinary income of Euro 2.9 million contributed to the results in the first nine months of the year. In relation to this the following observations are made:

- it is comforting that there are no negative extraordinary items in a year of interventions including organisational;
- the extraordinary income is an important contribution in a generally negative macro-economic scenario;
- the income was obtained without renouncing assets or business factors of a strategic nature;
- the operations are in keeping with the positive business reactivity to the difficulties encountered.

Significant events after the end of the third quarter of 2004

Sale of treasury shares

On October 20, 2004, the Parent Company sold, to primary financial institutions, through a private placement, 1,158,850 treasury shares, equal to 4.7% of the total share capital, at a price of Euro 1.40 per share, for a total value of Euro 1,622,390. Following the sale, CSP International no longer holds treasury shares.

We recall that the treasury shares held by CSP International had a carrying value equal to Euro 1.33.

Production rationalisation

An agreement was reached with the trade unions for the collective transfer of workers from the Lepel factory of Poggio Rusco (MN) to the Lepel head office of Carpi (MO). The agreement relates to 78 employees and provides for the unification of the two factories in February 2005, continuing the cost containment and production optimisation.

For the employees that did not accept the transfer request, the activation of the redundancy procedures is expected.

Verification of the objectives-results

We recall the forecasts formulated on the occasion of the presentation of the results for the first half of 2003 and the results since then achieved.

FORECAST	RESULTS ACHIEVED
Containment of the losses in the 2H of 2003 compared to the 1H	Loss of Euro 7.4 million in 1H of 2003; Loss of Euro 1.4 million in 2H of 2003.
Containment of the losses for the year 2003 within Euro 10 million	Losses of Euro 9.9 million, after taxes, in 2003.
Pre-tax break-even in 2004	Losses of Euro 0.3 million in the period January/September.

Forecast for the end of the year 2004

The cumulative result in the first nine months of the year, that reports a loss reduced from Euro 5.8 million in 2003 to Euro 0.3 million in 2004, is close to the pre-tax break-even announced for the entire year of 2004. However, although continuing to pursue the break-even objective, there are some issues that could render this problematic. Specifically:

Positive elements

The final quarter of the year is supported by numerous initiatives with significant impact:

- the return to TV advertising by Sanpellegrino, after an absence of one and half years;
- the support of a press campaign for Oroblù;
- the initiatives at the sales point related to the Sanpellegrino BioComplex collection, that already show positive turnover indices;
- the beginning of delivery to the market of the "Les dessous chic" collection, the first lingerie collection by Le Bourget;
- strong promotional support for the Lepel corsetry collections.

In addition, the average price of sales in the quarter is expected to be higher than in the final quarter of 2003 (for Sanpellegrino and Oroblù almost 20% higher in October).
Finally, the market share is increasing, for Sanpellegrino and Oroblù, both in quantity and value terms.

Elements of difficulty

In a quarter that announces rich with initiatives, we must however report that October, characterised by uncharacteristic high temperatures, recorded a decrease in sales of 15% that the two months of November and December will find difficult to recover; this will render difficult the reaching of the break-even pre-tax for the full year of 2004.
The important advertising communication and promotional activity efforts in the fourth quarter, that will provide benefits to future sales and market share, will however have an impact on margins.

Final evaluations

We recall the principal points:

- we announced a break-even pre-tax result for the full year of 2004, and we continue to pursue this objective, with the support of all of the necessary initiatives;
- we believe, however, it is necessary to indicate that the objective may not be fully reached, due to the difficulties noted.

Ceresara, November 11, 2004

Chairman of the Board of Directors
Francesco Bertoni

Attachments:

1. Reclassified income statement
2. Reclassified balance sheet

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	Quarter 01/07 - 30/09 2004 (**) CONSOLIDATED	Quarter 01/07 - 30/09 2003 CONSOLIDATED	Period at 30 September 2004 CONSOLIDATED	Period at 30 September 2003 CONSOLIDATED	31 December 2003 CONSOLIDATED
Net sales	32,736	37,949	92,881	102,616	141,840
Income from royalties	90	120	310	441	543
NET REVENUES	**32,826**	**38,069**	**93,191**	**103,057**	**142,383**
COST OF SALES					
Purchases	7,591	7,723	34,324	30,407	41,511
Labour cost	3,533	3,974	12,589	13,622	18,154
Services	2,563	2,767	10,478	10,193	13,195
Depreciation and amortisation	1,492	1,574	4,538	5,033	6,621
Other costs	1,325	1,286	5,132	4,952	6,681
(Increase) decrease in inventories	5,475	7,590	(7,168)	4,068	10,201
	21,979	**24,914**	**59,893**	**68,275**	**96,363**
GROSS PROFIT	**10,847**	**13,155**	**33,298**	**34,782**	**46,020**
SELLING, GENERAL AND ADMINISTRATIVE COSTS					
Labour cost	2,931	3,247	10,048	10,314	13,854
Advertising expenses	3,735	3,511	10,197	11,896	16,401
Commissions	670	871	2,261	2,627	3,475
Depreciation and amortisation	1,232	1,041	3,614	3,172	4,269
Other expenses	2,728	2,662	8,606	8,663	12,473
	11,296	**11,332**	**34,726**	**36,672**	**50,472**
OPERATING PROFIT	**(449)**	**1,823**	**(1,428)**	**(1,890)**	**(4,452)**
Financial charges (income), net	619	750	1,809	2,653	3,257
Writedown (writeup) of investments	0	0	0	0	0
Other (income) and charges	(50)	(437)	(8)	248	(128)
	569	**313**	**1,801**	**2,901**	**3,129**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**(1,018)**	**1,510**	**(3,229)**	**(4,791)**	**(7,581)**
Extraordinary charges and (income)	(1,530)	7	(2,930)	1,150	1,191
PROFIT (LOSS) BEFORE INCOME TAXES	**512**	**1,503**	**(299)**	**(5,941)**	**(8,772)**
Income taxes (*)	0	0	0	0	(1,523)
NET PROFIT (LOSS) FOR THE PERIOD	**512**	**1,503**	**(299)**	**(5,941)**	**(10,295)**
Net minority interests	20	37	(12)	92	365
NET PROFIT (LOSS) FOR THE GROUP	**532**	**1,540**	**(311)**	**(5,849)**	**(9,930)**

EBITDA (Operating profit + Depreciation and amortisation)	**2,275**	**4,438**	**6,724**	**6,315**	**6,438**

(*) Quarterly figures and at 30 September do not include income taxes.

(**) Financial data relating to the third quarter 2004 have been determined on the basis of the year to date figures as at 30 September 2004 and the the half year results approved by the Board on 28 September 2004

Reclassified Consolidated Balance Sheet - Assets

(figures in thousands of Euro)

	30 September 2004 CONSOLIDATED	30 June 2004 CONSOLIDATED	31 December 2003 CONSOLIDATED	30 September 2003 CONSOLIDATED
CURRENT ASSETS				
Cash and banks	986	1,471	1,065	879
Trade receivables	53,310	45,545	55,131	52,495
Due from subsidiary and associated companies	39	100	100	100
Other receivables	5,760	4,483	2,899	3,448
Inventories	54,458	59,863	47,141	53,462
Accrued income and prepaid expenses	1,268	1,461	1,297	319
Own shares	1,596	3,145	3,316	3,379
TOTAL CURRENT ASSETS	**117,417**	**116,068**	**110,949**	**114,082**
FIXED ASSETS				
Financial fixed assets:				
Financial receivables	235	188	241	294
Equity investments	145	145	11	10
Total financial fixed assets	**380**	**333**	**252**	**304**
Tangible fixed assets	33,997	35,541	38,792	40,503
Intangible fixed assets	12,876	13,500	14,988	15,539
TOTAL FIXED ASSETS	**47,253**	**49,374**	**54,032**	**56,346**
TOTAL ASSETS	**164,670**	**165,442**	**164,981**	**170,428**

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity

(figures in thousands of Euro)

	30 September 2004 CONSOLIDATED	30 June 2004 CONSOLIDATED	31 December 2003 CONSOLIDATED	30 September 2003 CONSOLIDATED
CURRENT LIABILITIES				
Short-term bank borrowings	25,630	36,602	42,787	45,058
Current portion of medium/long term debt	7,739	7,391	11,604	10,805
Trade payables due to third parties	37,774	44,351	30,328	26,862
Due to subsidiary/associated companies	0	0	0	0
Taxes payable	585	571	2,071	495
Other payables	6,130	6,563	5,086	6,912
Accrued liabilities and deferred income	403	156	324	407
TOTAL CURRENT LIABILITIES	**78,261**	**95,634**	**92,200**	**90,539**
MEDIUM/LONG-TERM LIABILITIES				
Medium/long-term debt, net of the current portion	24,842	9,116	16,278	19,005
	5,000	5,000	0	0
Severance indemnities	7,352	7,193	7,239	7,107
Other provisions	5,329	5,187	5,224	5,359
TOTAL MEDIUM/LONG-TERM LIABILITIES	**42,523**	**26,496**	**28,741**	**31,471**
TOTAL LIABILITIES	**120,784**	**122,130**	**120,941**	**122,010**
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,017	1,006	**935**	1,228
SHAREHOLDERS' EQUITY				
Share capital	12,740	12,740	12,740	12,740
Legal reserve	1,359	1,359	1,359	1,359
Share premium reserve	18,076	18,076	18,076	18,076
Other reserves	11,005	10,974	20,860	20,864
Net profit (loss) for the period (*)	(311)	(843)	(9,930)	(5,849)
TOTAL SHAREHOLDERS' EQUITY	**42,869**	**42,306**	**43,105**	**47,190**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**164,670**	**165,442**	**164,981**	**170,428**

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

NOTES TO THE FINANCIAL STATEMENTS

Content and bases of the financial statements

These notes refer to the results of the third quarter 2004 and the period as at 30 September 2004. They have been prepared in accordance with current legislation, with comparative figures for the corresponding period of 2003 and the full year 2003.

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 2003, 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 2004.
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 consolidation scope as at 30 September 2004 changed compared to December 31, 2003 due to the sale of the business of Bo.Mo. S.r.l. and the consequence winding-up of the company.

This equity investment has been recorded in the quarterly report under the net equity method.

Consequently, the scope of consolidation include the following companies:

Denominazione	Sede	Controllino interest %
CSP International Industria Calze SpA	Via Piubega, 5/c 46040 Ceresara (MN)	Parent company
Le Bourget S.A.	Rue J.P. Saltiel 02230- Fresnoy Le Grand (F)	99.97%
Sanpellegrino Polska Sp. z o.o.	Ul. Lodska, 27 95-050 Konstantynow (Lodz) (PL)	50%