CSP INTERNATIONAL

Press Release **Ceresara (MN), March 25, 2005**

CSP INTERNATIONAL: BOD APPROVES DRAFT FINANCIAL STATEMENTS AS AT DECEMBER 31, 2004

CSP International ends 2004 with sales of Euro 126.8 million

and a net loss of Euro 8.6 million,

due to the loss recorded in the final quarter.

Break-even objective confirmed in 2005, which will be obtained

through extraordinary actions and income.

The Board of Directors of CSP International S.p.A., a company listed on the STAR segment of the Italian Stock Exchange, producer of stockings, tights and underwear under the Sanpellegrino, Oroblù, Lepel and Le Bourget brands, today approved the **Consolidated and Parent Company Draft Financial Statements for the year 2004.**

A summary of the consolidated results in 2004, expressed in absolute and percentage terms on sales, compared to 2003 is shown below:

- sales equal of Euro 126.8 million, compared to Euro 142.4 million in 2003; the decrease was equal to 10.9%.
- Ebitda of Euro 40.5 million, compared to Euro 46.0 million in 2003; the percentage decreases from 32.3% to 32.0%.
- a loss before taxes of Euro 8.9 million, compared to a loss of Euro 8.8 million in 2003.
- a Group loss after taxes and minority interests of Euro 8.6 million, compared to a loss of Euro 9.9 million in 2003.
- the net debt decreased from Euro 69.6 million in 2003 to Euro 60.1 million in 2004.

The loss recorded in 2004 was totally attributable to the loss in the final quarter (Euro 8.6 million), in which a determining role was played by the decrease in sales, resulting in a significant lowering of the break-even point. In the first 9 months of 2004 the Group recorded a reduction of the losses to Euro 0.3 million (as at 30.09.2004), compared to a loss of Euro 5.8 million in the same period in the previous year.

The result in the final quarter of 2004 was principally impacted by the following factors:

- a strong reduction in the demand of tights in the final three months of the year, unforeseen in the monthly analysis registered by the GFK Institute, up to-22%;
- lower margins resulting from the higher advertising investments made in the final quarter of the year, compared to the final quarter of 2003.

Other factors had a negative impact for the full year:

- the chronic recession in the stockings/tights market;
- the reduction of sales of seamless underwear, the new technology that, after having reached sustained growth with up to a quarter of the total underwear market in a five-year period, saw an interruption in its growth;
- the tendency of lower prices, particularly in the Wholesale channel for seamless merchandise (due to the saturation of the offer) and in the brasserie market (due to the entry of new low-cost Chinese production);

- the emergence of local competition in the Russian market, third by importance, after Italy and France, for the CSP International Group.

Despite the negative economic result and an overall very difficult market, some positive results were recorded in 2004 of an operational nature relating to directly controllable factors, as follows.

AREA	RESULTS 2003 vs. 2002	RESULTS 2004 vs. 2003
Inventory	Euro - 10.9 million	Euro - 4.0 million
Working Capital	Euro - 15.6 million	Euro - 5.1 million
Bank debt	Euro - 14.1 million	Euro - 9.5 million
Financial charges	Euro - 0.7 million	Euro - 0.7 million
Cost of labour	Euro - 1.8 million	Euro - 1.5 million
Other expenses	Euro - 1.1 million	Euro - 0.4 million

Extraordinary operations

Extraordinary income of Euro 2.9 million contributed to the results of 2004 that was obtained without renouncing business aspects of a strategic nature.

In addition, there are extraordinary charges of Euro 0.4 million, relating to the integration of the two factories at Ceresara and Rivarolo del Re (tights) and the closure of the Lepel factory at Poggio Rusco (corsetry). These measures take effect from January 2005 and the savings are quantifiable as approximately Euro 2 million.

Forecast for the current year

The central objective for 2005 is for a break-even result, which will be achieved through the following strategic actions:

- improvement of margins through production reorganisation;
- reduction of costs, through staff reductions;
- reduction of operating expenses, deriving from procedural changes;
- reduction of non priority investments;
- extraordinary income.

The decisions and actions relating to the reduction of personnel and operating costs have already occurred and are therefore in place.

The break-even objective will be obtained from extraordinary income that will result in, among other matters, in a permanent effect in reducing the organisational structure with benefits for future years on ordinary operations.
In fact, the sale of non-strategic assets will permit the integration and co-ordination of production sites and, in particular:

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

In general terms, the extraordinary operations, in addition to providing income in 2005, will permit the lowering of the break-even point.

Adoption of the IAS/IFRS

According to the Consob communication concerning the adoption of the IAS/IFRS,

1) CSP has completed the identification of the main impacts on administrative, reporting and informative processes deriving from the introduction of the IAS and is proceeding with the necessary interventions on the company processes and systems to adopt the new administrative principles.
2) At present, the quantification of the adjustments of the initial amounts of the consolidated patrimonial balance at the date of transition (1st January 2004) is almost completed, while the re-elaborations of the consolidated economic-patrimonial situation at 31st December 2004 and the infra-year 2004 (only for comparative use) are being started.
3) On the base of the present progress of the project, CSP Group will adopt the new IAS from the Consolidate Financial Statements at 30 June 2005.
4) For this purpose, the auditing firm Deloitte & Touche S.p.A. will be entrusted with the audit of the results of the transition process.

Corporate events

The calendar of corporate events for 2005 is provided below:

Board of Directors	**Contents**
Friday, April 29, 2005	Directors Remuneration
Friday May 13, 2005	Results I quarter 2005
Friday August 5, 2005	Results II quarter 2005
Wednesday September 28, 2005	Results I half-year 2005
Friday November 11, 2005	Results III quarter 2005

Shareholders' Meeting	**Contents**
Friday, April 29, 2005	Approval Annual Accounts 2004

CSP GROUP

Allegato n. 1

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	31 December 2004 CONSOLIDATED	31 December 2003 CONSOLIDATED
Net sales	126,338	141,840
Income from royalties	451	543
NET REVENUES	**126,789**	**142,383**
COST OF SALES		
Purchases	40,519	41,511
Labour cost	16,283	18,154
Services	12,447	13,195
Depreciation and amortisation	6,011	6,621
Other costs	6,647	6,681
(Increase) decrease in inventories	4,369	10,201
	86,276	**96,363**
GROSS PROFIT	**40,513**	**46,020**
SELLING, GENERAL AND ADMINISTRATIVE COSTS		
Labour cost	14,191	13,854
Advertising expenses	15,523	16,401
Commissions	3,052	3,475
Depreciation and amortisation	4,906	4,269
Other expenses	12,038	12,473
	49,710	**50,472**
OPERATING PROFIT	**(9,197)**	**(4,452)**
Financial charges (income), net	2,583	3,257
Other (income) and charges	(276)	(128)
	2,307	**3,129**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**(11,504)**	**(7,581)**
Extraordinary charges and (income)	(2,594)	1,191
PROFIT (LOSS) BEFORE INCOME TAXES	**(8,910)**	**(8,772)**
Income taxes	276	(1,523)
NET PROFIT (LOSS) FOR THE YEAR	**(8,634)**	**(10,295)**
Minority interests	(10)	365
NET PROFIT (LOSS) FOR THE GROUP	**(8,644)**	**(9,930)**
EBITDA (Operating Profit + Depreciation and amortisation)	**1,720**	**6,438**

CSP GROUP

Reclassified Consolidated Balance Sheet - Assets **Allegato n. 2**

(figures in thousands of Euro)

	31 December 2004 CONSOLIDATED	31 December 2003 CONSOLIDATED
CURRENT ASSETS		
Cash and banks	3,752	1,065
Trade receivables	51,923	55,131
Due from subsidiary and associated companies	0	100
Other receivables	4,828	2,899
Inventories	43,103	47,141
Accrued income and prepaid expenses	1,175	1,297
Own shares	0	3,316
TOTAL CURRENT ASSETS	**104,781**	**110,949**
FIXED ASSETS		
Financial fixed assets:		
Financial receivables	168	241
Equity investments	135	11
Total financial fixed assets	**303**	**252**
Tangible fixed assets	32,418	38,792
Intangible fixed assets	12,243	14,988
TOTAL FIXED ASSETS	**44,964**	**54,032**
TOTAL ASSETS	**149,745**	**164,981**

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity

(figures in thousands of Euro)

	31 December 2004 CONSOLIDATED	31 December 2003 CONSOLIDATED
CURRENT LIABILITIES		
Short-term bank borrowings	28,772	42,787
Current portion of medium/long term debt	6,515	11,604
Trade payables due to third parties	31,039	30,328
Due to subsidiary/associated companies	0	0
Taxes payable	845	2,071
Other payables	5,127	5,086
Accrued liabilities and deferred income	336	324
TOTAL CURRENT LIABILITIES	**72,634**	**92,200**
MEDIUM/LONG-TERM LIABILITIES		
Medium/long-term debt, net of the current portion	23,578	16,278
Bonds	5,000	0
Severance indemnities	7,449	7,239
Other provisions	5,381	5,224
TOTAL MEDIUM/LONG-TERM LIABILITIES	**41,408**	**28,741**
TOTAL LIABILITIES	**114,042**	**120,941**
MINORITY INTERESTS IN CAPITAL AND RESERVES	**1,090**	**935**
SHAREHOLDERS' EQUITY		
Share capital	12,740	12,740
Legal reserve	1,359	1,359
Share premium reserve	18,076	18,076
Other reserves	11,082	20,860
Net profit (loss) for the year	(8,644)	(9,930)
TOTAL SHAREHOLDERS' EQUITY	**34,613**	**43,105**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**149,745**	**164,981**

CSP International: Innovation in Hosiery and Underwear

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

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

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

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

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

For further information:

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