Press Release **Ceresara (MN), May 12, 2006**

CSP INTERNATIONAL: THE BOARD OF DIRECTORS APPROVE THE QUARTERLY REPORT AT MARCH 31, 2006

A return to profit in the 1st quarter of 2006.

Following the restructure, a significant increase in industrial margins.

Puma and Sergio Tacchini distribution launched.

Capital increase underway.

The Board of Directors of CSP International S.p.A., a company listed on the Italian Stock Exchange, producer of stockings, tights and underwear under the Sanpellegrino, Oroblù, Lepel and Le Bourget brands, today approved the Quarterly Report at March 31, 2006.

Main results

A summary of the results for the first quarter 2006, expressed in absolute and percentage terms on sales, is shown below.

- Consolidated sales amounted to Euro 26.0 million. This compares to sales of Euro 31.3 million. The decrease was 16.9%.
- The industrial margin was Euro 9.9 million. This compares to Euro 10.8 million.
- The industrial margin in the quarter was 38.0%. This compares to 34.4% in the first quarter of the previous year. The increase is in line with the trend since the second half of 2005.
- The Ebitda was Euro 2.3 million, compared to Euro 0.9 million; the incidence grows from 2.8% to 8.8%.
- The Ebit was Euro 0.8 million, compared to Euro -1.5 million; the incidence grows from -2.6% to 3.3%;.
- The pre-tax result was Euro 0.3 million, compared to a loss of Euro 1.5 million; the incidence increases from -4.6% to 1.3%;
- The income taxes amounted to Euro 7.000, compared to Euro 600.000;
- The Group net result, after taxes, was Euro 0.3 million, compared to a net loss of Euro 2.1 million. The incidence grows from -6.6% to 1.3%.

<u>Operational indicators</u>

In millions of Euro	2002	2003	2004	2005	I quarter 2005	I quarter 2006	Diff. I quarter 2005/2006
Inventories	58.0	47.1	40.6	26.8	36.5	25.6	- 10.9
Working Capital	84.4	68.8	58.4	40.4	50.1	35.8	- 14.3
Net debt	83.7	69.6	59.1	37.4	51.4	31.8	- 19.6
Financial charges	4.0	3.3	2.7	2.2	0.6	0.5	- 0.1
Personnel costs	33.8	32.0	29.0	26.8	7.6	6.4	- 1.2

The results from 2004 are prepared in accordance with IAS/IFRS standards and SP Polska deconsolidated
The results for 2002 and 2003 derive from the application of the previous accounting standards and include SP Polska

The main operational indicators continue to improve, with
- a positive decrease in Stock and Working Capital;
- a gradual reduction of debt, with consequent reduction of financial charges;
- containment of labour costs.

Turnover trend

The decrease in turnover has been primarily impacted by:

- decreased sales within the reference markets;
- difficulties experienced by the Sanpellegrino brand within the Italian and Russian markets.

Turnover mix

- From a geographic point of view, 45.4% of turnover stems from sales within Italy, while the remaining 54.6% stems from abroad – an increment of 4 incidence points for foreign sales compared to the first quarter of the previous year.
- From a merchandising point of view, the situation is essentially stable compared to the previous year, with the core hosiery business accounting for 67.5% of total sales and the diversifications accounting for 32.5%.
- When divided by brand, the two highest positioned brands saw the largest growth: Le Bouget became the most important brand with 26.5% of the total and Oroblù increased by 4 percentage points, to 20.2%. Sanpellegrino and Lepel accounted for 25.8% and 18.7% respectively.

Margins

We highlight the positive trend which characterises the industrial margin (difference between net turnover and production costs), expressed as a percentage of turnover.

- Second quarter of 2004: 27.1%
- Second quarter of 2005: 31.7% (an improvement of 4.6 percentage points)
- First quarter of 2005: 34.4%
- First quarter of 2006: 38.0% (an improvement of 3.6 percentage points)

The improvement in margins, which began in the second half of 2005, results from structural changes in production and personnel and from a change in the sales mix, which currently focuses on the higher profit brands.

Personnel

The total changes in personnel were as follows:

Reductions 2002:	72 units
Reductions 2003:	80 units
Reductions 2004:	102 units
Reductions 2005:	164 units, of which 60 temporary lay-off fund, 71 mobility and 33 departures
Reductions 2006:	81 units

The 81 employees facing redundancy, some of whom have been in receipt of the ordinary temporary state lay-off fund (*Cassa Integrazione Ordinaria)* since November 2005, will receive the extraordinary temporary state lay-off fund (*Cassa Integrazione Straordinaria*) from March 2006 and Mobility from March 2007; this estimate includes 46 employees who left the company within the first quarter of 2006.

New Products

The following new products were launched after the end of the first quarter of 2006:

- Sanpellegrino Sollievo: a range of functional, elegant and competitively priced tights, in the realm of brand repositioning, to regain distribution and market share;
- Oroblù Kids: a collection of stockings and tights aimed at young consumers aged 2 to 12; the new collection targets a market segment which has been not been targeted up to now and is valued at 8% of the total market.
- Oroblù Intense Thermal Action, tights made from micro-fibre for insulation;
- Oroblù Man Safeskin Protection: a collection of seamless anti-bacterial and anti-odour cotton underwear;
- Oroblù Sublime, a gel push-up bra;
- Le Bourget "Les dessous chic", a collection of coordinating tights to match the lingerie collection of the same name.

New distribution activities

An agreement has been signed for the distribution of Sergio Tacchini co-ordinated beachwear collections, polo and T-shirt, throughout Europe for the 2007-2009 three-year period.

This distribution for Sergio Tacchini, as that already initiated for Puma (for the 2006-2009 four-year period), constitutes:

- a new source of business for the stabilisation of sales;
- a new source of margins to accelerate the return to profitability;

with an impact in the second half of 2006 for Puma and in the first half of 2007 for Sergio Tacchini.

Share capital increase

The Shareholders' Meeting of 28/04/2006 approved a share capital increase of approximately Euro 15 million, divisible and reserved for shareholder options, to ensure the availability of new financial resources to the Company. The primary points of the issue are listed below:

- a share capital increase to integrate the financial resources required for development and, in particular, for the company's new distribution activities;
- a nominal value of Euro 0.52, with a share premium of Euro 0.44, for a minimum total price of Euro 0.96 per share.
- an option ratio of 16 new issue shares for each 25 shares held;
- completion of the share capital increase prior to September 30, 2006.

The majority CSP International shareholders have already pledged to subscribe to the share capital increase for Euro 7.5 million, including the existing Euro 5 million bonds.

Events subsequent to the end of quarter

Preliminary agreements have been made for the sale of the Lepel site in Carpi (MO).
The sale of the Lepel Carpi site is due to the features of the site: originally established as an industrial plant, the site is not suited to current activities, which now focus on design - manufacture having been outsourced. Lepel's registered offices will remain in Carpi, at new offices, which will cater for all design activities relating to corsetry and swimwear.

Forecast for 2006

The Industrial Plan has the return of operating profits as primary objective.
The objectives will be achieved through the following principal actions:

a) the consolidation of the Oroblù and Lepel brands, both in Italy and abroad; the repositioning of the Sanpellegrino brand in the Wholesale and Organised Trade channels; investment in Le Bourget, which during the past year improved its share on the French market to the detriment of the competition;
b) new business sources, relating to the distribution of third party products: the three-year agreements for the distribution of Puma and Sergio Tacchini collections serve as the reference models, and will be followed by similar activities during the year;
c) productive rationalisation through the staff reductions achieved in 2005 coming into full effect in 2006; outsourcing of all merchandise other than stockings, in order to obtain the best quality/cost ratio.
d) margin improvement, through the containment of production costs, product innovation and efficiency improvements with a significant reduction in general and operating costs.
e) sale of non-strategic assets.

Comments

Gianfranco Bossi, Managing Director, commented on the results: "We should not overestimate the positive results of the first quarter of 2006. The results, in fact, still require further actions before we can completely regain market competitiveness and financial stability. However, this first step towards a return to profitability is a good indicator."

Next Corporate events

BOARD OF DIRECTORS	CONTENTS
September 13, 2006	2006 First half Report
November 14, 2006	2006 Third Quarter Report

CSP GROUP

CONSOLIDATED STATEMENT OF INCOME

(figures in thousand of Euro)	Quarter 31 March 2006 CONSOLIDATED		Quarter 31 March 2005 CONSOLIDATED		Full Year 31 December 2005 CONSOLIDATED	
Net sales	26,010	100.0%	31,305	100.0%	105,019	100.0%
Cost of sales	(16,115)	-62.0%	(20,525)	-65.6%	(72,579)	-69.1%
Industrial margin	**9,895**	38.0%	**10,780**	34.4%	**32,440**	30.9%
Direct selling expenses	(2,358)	-9.0%	(3,094)	-9.9%	(10,169)	-9.7%
Gross sales margin	**7,537**	29.0%	**7,686**	24.5%	**22,271**	21.2%
Other operating revenues / expenses	122	0.5%	610	2.0%	3,972	3.8%
Selling and administrative expenses	(6,816)	-26.2%	(9,122)	-29.1%	(29,929)	-28.5%
Restructuring costs	0	0.0%	0	0.0%	(498)	-0.5%
Operating result (EBIT)	**843**	3.3%	**(826)**	-2.6%	**(4,184)**	-4.0%
Writedowns / writeups of non current assets	0	0.0%	0	0.0%	0	0.0%
Share of non equity investments results	6	0.0%	(16)	0.0%	20	0.0%
Other financial income (charges)	(514)	-2.0%	(617)	-2.0%	(2,247)	-2.1%
Profit (loss) before taxes	**335**	1.3%	**(1,459)**	-4.6%	**(6,411)**	-6.1%
Income taxes	(7)	0.0%	(618)	-2.0%	(787)	-0.8%
Net profit (loss) for the Group	**328**	1.3%	**(2,077)**	-6.6%	**(7,198)**	-6.9%

Earnings per share - base	**Euro**	**0.013**	**(0.085)**	**(0.294)**
Earnings per share - diluted	**Euro**	**0.013**	**(0.085)**	**(0.294)**

EBITDA	**2,295**	8.8%	**872**	2.8%	**2,325**	2.2%

GRUPPO CSP

Balance Sheet - Assets

(figures in thousand of Euro)	31 March 2006 CONSOLIDATED	31 March 2005 CONSOLIDATED	31 December 2005 CONSOLIDATED
FIXED ASSETS			
Intangibles fixed assets:			
- Difference arising on consolidation	11,416	11,416	11,416
- Other intangible assets	1,315	2,022	1,556
Tangible fixed assets:			
- Property, plant and equipoment and other fixed assets	21,630	30,485	22,431
- Investment property	70	70	70
Other non current assets:			
- Equity investments	1,272	1,157	1,227
- Other investments	11	11	11
- Financial receivables, other receivables, trade receivablesand other non current asset	157	122	157
- Deferred tax assets	3,167	1,879	3,166
Total fixed assets	**39,038**	**47,162**	**40,034**
CURRENT ASSETS			
- Inventories	25,627	36,463	26,765
- Trade receibables	40,751	49,820	46,007
- Financial receivables, other receivables and other assets	1,059	2,077	1,214
- Cash and cash equivalents	4,943	4,133	1,057
Total current assets	**72,380**	**92,493**	**75,043**
TOTALE ASSETS	**111,418**	**139,655**	**115,077**

Balance Sheet - Assets

(figures in thousands of Euro)	31 marzo 2006	31 marzo 2005	31 dicembre 2005
SHAREHOLDERS' EQUITY			
Shareholders' equity of the Group			
- Share capital	12,740	12,740	12,740
- Other reserves	18,496	24,587	18,496
- Revaluation reserves	9,605	9,605	9,605
- Retained earnings	(12,314)	(11,280)	(5,155)
- Result of the period	328	(2,077)	(7,198)
TOTAL SHAREHOLDERS' EQUITY	**28,855**	**33,575**	**28,488**
TOTAL NON CURRENT LIABILITIES			
Financial liabilities due beyond 12 months:			
- Bonds	5,000	5,000	5,000
- Bank borrowings	16,869	22,232	13,490
Severance indemnities	7,126	7,112	7,375
Allowance for risk and charges	2,673	1,721	2,711
- Deferred tax liabilities	4,289	3,496	4,407
- Other non current liabilities	18	19	25
Total non current liabilities	**35,975**	**39,580**	**33,008**
CURRENT LIABILITIES			
Financial liabilities due within 12 months:			
- Bank borrowings	14,906	28,246	19,974
Trade payables	24,831	30,547	27,407
- Other current liabilities	6,851	7,707	6,200
Total current liabilities	**46,588**	**66,500**	**53,581**
TOTAL LIABILITIES	**82,563**	**106,080**	**86,589**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**111,418**	**139,655**	**115,077**

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 operates in the market of stockings, tights and underwear. The Group, realizing sales of 150 million euro, including licenses, has 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;*
2002 *- Lepel merger in CSP International;*
2003 *- launch of cosmetic tights, Sanpellegrino BioComplex L'Angelica and Oroblù BioAction Transvital;*
2004 *- start of licences in complementary markets, as underwear, knitwear and bathsuits;*
2005 *- internal production rationalization for hosiery and delocalization for other products.*
2006 *- beginning of the distribution activity for other partners with Puma and Sergio Tacchini collections.*

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 sportswear.

For further information:

CSP International S.p.A.
Simone Ruffoni
Head of Investor Relations
Tel. 0376-8101
info.investors@cspinternational.it