FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

CSP INTERNATIONAL INDUSTRIA CALZE S.p.A.
Via Piubega, 5/C - 46040 CERESARA (Mantua)
Share capital Lire 24,500,000,000 fully paid-in
Mantua Companies Register no. 4898 Vol. 5648

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CORPORATE BODIES

Board of Directors

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

Board of Statutory Auditors

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

Independent Auditors

Arthur Andersen SpA

(*) 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

DIRECTORS' REPORT ON OPERATIONS

DIRECTORS' REPORT ON OPERATIONS OF THE PARENT COMPANY

Shareholders,
The financial statements for the year ended 31 December 2000, prepared in Euro, 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.
Shareholders are reminded that the company took advantage of the possibility provided by the tax supplement to the Budget Law 2000 (Law no. 342 of 21.11.2000) to revalue its fixed assets. The revaluation only involved plant and machinery, excluding buildings and intangible assets, and has resulted in an increase in value of 15.32 million euro.
The key figures for CSP International, expressed in Euro, are the following:

- total revenues of € 113.72 million;
- net sales of € 95.98 million;
- depreciation and amortisation of € 9.94 million, € 2.14 million of which is accelerated depreciation;
- operating profit prior to financial charges and income taxes comes to € 8.20 million, 8.54% of net sales;
- the statement of income includes a writedown of € 3.0 million by Le Bourget and € 4.51 million in dividends, including the tax credit , from the subsidiary Lepel;
- pre-tax profit of € 4.15 million;
- income taxes of € 1.20 million, which is 29 % of the pre-tax profit;
- net profit of € 2.95 million.

1. Comparison with the prior year

The following observations on the statement of income have been formulated exclusively for this report; all refer to reclassified net sales and not to total revenues.
The following changes have taken place compared with last year:

- the net sales have remained stable at € 95.98 million;
- depreciation and amortisation increased from € 8.84 million to € 9.94 million; accelerated depreciation, which is included in the total, passed from € 2.5 million to € 2.14 million;
- the operating margin has passed from 9.58% to 8.54%;
- the net profit after taxes decreased from € 3.23 million to € 2.95 million.

2. Performance over the past five years

A summary of the key financial indicators, from sales to cash flow, for the years 1994-2000 is set out below (stated in millions of Euro):

Year	Revenues for statutory purposes	Net sales of stockings	Depreciation and amortisation	Operating profit	Profit after tax	Operating cash flow
1994	67.45	62.39	1.83	5.38	0.10	6.28
1995	98.80	87.38	2.22	15.41	1.09	8.75
1996	119.56	104.48	3.59	16.86	5.14	11.63
1997	169.71	132.47	5.61	21.27	12.41	20.20
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

3. Sales in 2000

The sales stability reported for 2000 was achieved despite the recession in consumption on the international hosiery market, quantifiable as follows:
- Poor trends on the Italian hosiery market, with a 12.3% fall in volumes (source: Istituto Sita Nielsen);
- Lower European hosiery consumption with an average decrease of 10% in 2000 in the various countries compared with the previous year (source: Eurocolor, Sistema Moda Italia);

Stable sales in a recessive market was achieved thanks to two main factors:

- recovery on the Russian market, returning to values before the crisis experienced in 1998;
- production synergies with Le Bourget, acquired at the end of 1999.

4. Analysis of the main captions in the Statement of Income

A detailed analysis of the economic and asset information of the financial statements is given in the notes to the reclassified financial statements. To the extent of this report, the following key figures include.

- Cost of sales came to 68.39% of net sales in 2000, two points higher than the figure of 66.15% reported last year. The increase is essentially due to higher depreciation resulting from the revaluation of fixed assets.
- Advertising expenses went down from 9.18% to 8.12% of net sales in 2000;
- Operating profit margins dropped from 9.58% in 1999 to 8.54%, exclusively due to the fixed asset revaluation;
- Financial charges increased from 1.53% in 1999, to 2.32% in 2000.

5. Analysis of the main captions in the balance sheet

As with the statement of income, a more detailed analysis and comparison of the items in the balance sheet is given in the notes to the reclassified financial statements.

The main changes between the balance sheets at 31 December 1999 and 31 December 2000 are as follows:

- Trade receivables fell from € 44.35 million in 1999 to € 38.38 million in 2000.
- Trade payables decreased from € 38.86 million in 1999 to € 31.67 million in 2000.
- Inventories were stable at roughly € 31.5 million.
- Financial fixed assets increased from € 13.85 million to € 22,81 million, following the acquisition of a majority interest of 55% in Lepel.
- Net bank borrowings increased from € 35.56 million to € 50.25 million, mainly due to the acquisition.
- Working capital is illustrated at the values show in the table below (values in millions of euro):

Operating working capital	1997	1998	1999	2000
Trade and other receivables	62.90	57.28	48.91	51.13
+ Inventories	43.84	35.58	31.45	31.50
- Trade and other payables	68.17	38.01	42.14	36.62
= Working capital	38.57	54.85	38.22	46.01
Percentage of sales	29%	46%	40%	48%

The historic trend in depreciation and amortisation is shown in the following table:

	1997	1998	1999	2000
Total depreciation and amortisation	5.61	7.36	8.84	9.94
of which accelerated	1.06	1.78	2.49	2.14

6. The market situation

According to statistics from Sita/Nielsen for 1992-97, as integrated with the new Nielsen Hosiery Consumer Index for 1998, the Italian market has been showing a downward trend in consumption since the start of the decade:

1992:	- 6.2%	compared with previous year;
1993:	-10.7%	"
1994:	- 3.0%	"
1995:	- 2.0%	"
1996:	+ 0.4%	"
1997:	- 8.3%	"
1998	- 4.5%	"
1999:	- 9.0%	"
2000:	-12.3%	"

The figures provided above refer to Italy. As for other European countries, the trend towards a reduction in consumption has been even more accentuated than in Italy. This is illustrated by the statistics collected by Sistema Moda Industria, an Italian trade association.

If consumption in volume terms at the start of the decade was equal to 100, the situation in 2000 can be estimated as follows:

- Italy: 57
- USA: around 60;
- Europe: less than 50;
- Japan: about 40.

7. CSP International's market share in Italy

The company's market share is shown below. The figures are provided by Sita Nielsen for the period 1992-97 and by the Nielsen Hosiery Consumer Index from 1997. For the year of overlap we have used both sources, to ensure a uniform comparison.

Year	Market share in quantity	Market share in value	Premium Price
1992:	5.2%	5.7%	+ 9.6%
1993:	6.5%	8.0%	+23.1%
1994:	7.3%	9.0%	+23.3%
1995:	8.1%	10.0%	+23.5%
1996:	8.7%	11.1%	+27.6%
1997 Sita:	9.8%	12.3%	+25.5%
1997 Nielsen:	9.9%	12.4%	+24.5%
1998	10.1%	12.1%	+19.8%
1999	9.2%	11.4%	+22.9%
2000	8.3%	10.3%	+23.7%

The market shares shown above refer to a market where there are approximately 300 different manufacturers: the CSP International figures for 2000 indicate a modest drop in market share, most probably due to the concentration of product development and publicity of the new seamless product line at a time when competitors continued their usual advertising during the period when seasonal sales are at their highest.
There has been a recovery in the "premium price", however, returning to the level of previous years after 1998.

8. Results: CSP International's activities abroad

CSP International operates in more than 50 overseas countries; the company began exporting in this historical sequence:

- 1980s: Western Europe;
- from 1993: Eastern Europe;
- from 1995: major non-European countries.

CSP International brands are currently sold in about 100 department store chains, shopping centres and supermarkets.
The growth in foreign sales is shown below (in millions of €):

Year	Foreign sales
1993	15.49
1994	20.66
1995	32.54
1996	45.96
1997	51.65
1998	49.84
1999	39.35
2000	49.52

Sales outside Italy in 2000 can be broken down as follows:
24.56 millions of € in Western Europe, or 49.6% of exports;
22.33 millions of € in Eastern Europe, or 45.1% of exports;
2.63 millions of € in non-European areas, or 5.3% of exports.
The principal market after Italy and France, where the Group operates through it subsidiary company, Le Bourget is Russia: the Russian market generated sales of 19.42 million euro in 2000, returning to its pre-1998 crisis values. Note that sales to Russia are made exclusively against advanced payment.

9. Research and development

The following table lists the most successful new product launches in recent years, along with innovations introduced in 2000:

YEAR	SANPELLEGRINO	OROBLU'	STAR WAY
1993	SLIM	REPOS SILHOUETTE	
1994	SUPPORT	CARAT	
1995	BRAZIL EFFECT	SHOCK UP REMEDE	
1996	DAY	GEO EXCELL	
1997	CELLU-LINE	EXCELL LIGHT BODY COLLECTION	
1997/98	PLANET 3DIMENSION	PROGRESS 3 DIMENSION	3 DIMENSION WORLD
1998	RIO– LIBERTE'– BENEFIT BABY GIRL	CHARME LEG ON LINE MASTER	ROMANTIC
1999	MICROPAQUE COMODO	INTRIGO MILLENIUM INVISIBLE SILVERADO	BABY STAR ABSOLUTE COMFORT
2000	INTIMO SEAMLESS COMODO	INTIMO SEAMLESS DOLCE VITA SUN TIME	INTIMO SEAMLESS TOTAL COMFORT

10. Diversification

Alongside our traditional products - stockings, thigh-highs, knee-highs and ankle socks - we have also begun selling lingerie items on the market, designed with the innovative Seamless technology. The product mix includes underwear, from panties to bras, manufactured with the seamless technique under all four brands, Sanpellegrino, Oroblù, Star Way and Le Bourget, and with nine different collections for the different target consumer groups and the different distribution channels, in Italy and abroad. The seamless lingerie collections by Sanpellegrino and Oroblù have been advertised since the fall of 2000 and the seamless line of Le Bourget will be advertised starting in 2001.

The results, while still modest in absolute values, appear quite promising in terms of growth potential and encouraging for further development of these initiatives in all the corporate brand names and with the appropriate advertising, promotional, and retail display instruments.

11. Licensing

Licensing is another area of diversification into which the company has entered over the last four years.
Current 2000 licensing agreements are as follows:

BRAND	COLLECTION	LICENSEE
Oroblù	• Men's socks • Casual & Sport Socks • Lingerie • Swimwear	Niga Calze Hosiery Center Compagnia Italiana Intimo Compagnia Italiana Intimo
Sanpellegrino	• Men's socks • Underwear • Lingerie • Pyjamas	Niga Calze and Calze Scanzi Mabrat Ladyberg Irge
Star Way	• Men's socks	Calze Scanzi

The licensing agreements listed have generated the following royalties:

1997:	€ 97,000
1998:	€ 272,000
1999:	€ 424,000
2000:	€ 620,000

12. Production and technological investments

The three production units at Ceresara, Rivarolo del Re and Tintoria di Ceresara allow the company to enhance its quality/price ratio, which is one of CSP International's recognised market strengths.

These factories were joined by Sanpellegrino Polska, set up in 1998, which began production in the first half of 1999, Le Bourget's factory, acquired at year-end 1999, and the Lepel factory, acquired during 2000. In the five-year period 1996-2000 CSP carried out a major programme of capital investments 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 lingerie 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:	Estimate 2.50
2002:	Estimate 2.50

Under this investment plan, the relationship between internal and outsourced production has changed as follows:

Year	% Outsourcing
1997:	61%
1998:	44%
1999:	18%
2000:	9%

The reduction in outsourcing was achieved with the number of employees in 2000 reduced by 45 persons compared with 1999.

13. In-house personnel

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

Year	Average no. of employees	Personnel cost	As percentage of net sales
1994:	429	€ 9.66 million	15.5%
1995:	463	€ 11.00 million	12.6%
1996:	570	€ 13.89 million	13.3%
1997:	717	€ 18.13 million	13.7%
1998:	776	€ 18.64 million	15.6%
1999:	751	€ 18.43 million	19.3%
2000:	706	€ 18.11 million	18.9%

Labour cost has fallen over the last two years in absolute terms; during the past year, it also fell as a percentage of net sales.

14. The sales network

The sales force is not included with the direct employees, as they are paid on a commission basis.

In Italy the sales force is organised by brand/collection and by distribution channel, according to the following criteria. Currently 5 separate sales forces work for

- Sanpellegrino Wholesale Sales Force
- Sanpellegrino Large-Scale Retail Sales
- Sanpellegrino Retail Sales Force
- Oroblù Retail and Merchandisers Sales Force
- Star Way Retail and Merchandisers Sales Force.

The company operates through a total of 120 agents or distributors and 150 merchandisers: the former use portable video terminals for real-time order processing; the latter service supermarkets and shopping centres, maintaining the shelves and inventories.

Outside Italy, the company works with exclusive distributors in more than 50 countries.

15. Promotion and advertising

Advertising and promotional investments go about two-thirds to media advertising and one-third to point-of- sale materials.

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

Year	Advertising expenditures	Percentages of sales
• 1994:	5.01	8.1%
• 1995:	6.46	7.4%
• 1996:	9.81	9.4%
• 1997:	12.19	9.2%
• 1998:	13.01	10.9%
• 1999:	8.82	9.2%
• 2000:	7.79	8.1%

In terms of quality, advertising is carried out on two levels:

- brand advertising, in order to build the brand image over time;
- product advertising, to promote new items on the market.

All of CSP International's advertising campaigns have certain features in common:

- they are results-oriented and send a message of quality that is perceptible to the consumer;
- they highlight the functional and emotional benefits of the products.

From the fall of 2000, printed and billboard advertising has been devoted to launching the new seamless lingerie line by Sanpellegrino and Oroblù. The television and print campaigns started at the beginning of 2001.

16. Acquisitions

After acquiring Le Bourget (France) in 1999, CSP International bought a majority stake in Lepel S.r.l. (Carpi) in June 2000. The objectives and key stages of these acquisitions are illustrated in the Group report.

17. Sanpellegrino Polska

Sanpellegrino Polska was set up in 1998 and began production operations in 1999.
Information regarding the company can be found in the Group report.

18. Related Party Disclosures

As required, we declare that there were no transactions during the year between Group companies and related parties.

19. Investments held by directors, statutory auditors and general managers as per the implementation protocol for Art. 33, Decree Law 58 of 24 February 1998

As required by Consob regulations, we attach schedule 2C on investments held by the individuals or entities stated in Art. 33.

20. Conversion to the euro

In December 2000, the entire CSP International information system changed over to the euro, which also involved converting the company's historical figures. Since then, the accounting records are kept and all other operating activities are carried on in euros.

21. Share capital and purchase of own shares

Share capital amounts to Lire 24.5 billion and is made up of 24,500,000 shares with a par value of Lire 1,000 each. The share capital was converted into euros after the Board of Directors' meeting on 15 May 2001.
We would remind readers that the shareholders' meeting authorised the purchase of own shares up to a maximum of 10% of share capital. As of 31 December 2000 the company held 752,500 of its own shares, representing 3.1% of total capital.

22. Trends at the start of 2001

The table summarises the sales in the first two quarter of 2001, compared with the same period in 2000.

Total sales	First quarter 2000	First quarter 2001	Change
CSP International	€ 23.99 million	€ 25.30 million	+ 5.46%

23. Significant subsequent events in early 2001

The main events that have taken place since the end of the year are as follows:

New products and diversification

- In the first quarter of 2001 the lingerie collection produced with the seamless technology (introduced in the last two months of 2000) was successfully launched, representing over 12% of the total company sales in the period.
- The excellent results attained by the basic seamless collection have enabled the company to further expand the product line with fashion collections, marketed under the Sanpellegrino and Oroblù brands.
- CSP International has further diversified its business by directly entering the men's market with innovative seamless underwear collection, under the Sanpellegrino and Oroblù brands.
- CSP International has innovated its core business with three new collections of casual hosiery, a high growth sector.

Production

During the 1st quarter 2001, the company carried out its plans for upgrading the manufacturing area devoted to the seamless line, which can now count on sufficient production capacity for the ambitious expansion plans that we have for these products.

New distribution network in LD

CSP International, in order to build a solid direct relationships with large-scale distribution chains, a strategic channel for corporate development, has modified its distribution methods. This involves:

- direct control of contractual relationships and commercial policies through a dedicated organisation;
- reserving retail sales services for long-standing distributors.

General Management

Between April and May 2001, the CSP International Management underwent organisational changes: Massimiliano Retta took over the position of General Manager, replacing Gianfranco Bossi.
Mr. Retta takes over as General Manager of CSP International after gaining wide experience in marketing, sales and corporate management with Unilever, Beiersdorf, and Arexons.

STAR segment in the Italian Stock Exchange

CSP International entered the new STAR (securities with high requisites) segment of the Italian Stock Exchange which brings together a select group of companies subject to strict disclosure and Corporate Governance rules.

24. Objectives

CSP International has enjoyed good profitability in the past three-year period, with the following operating margins:

1998: 8.2%
1999: 9.6%
2000: 10.3%

The figure for 2000 should be restated as 8.54% (down from 10.3% in the quarter ended 31 December 2000) as a result of the higher depreciation and amortisation charges on the revaluation of fixed assets, a possibility that CSP International took advantage of as it will significantly improve the company's cash flow over the coming years.
Starting with an operating margin of 8.54% in 2000, CSP International expects this figure to continue improving, reaping the benefits of the initiatives undertaken from 2001 onwards.

25. Prospects for 2001
After seeing the results attained in early 2001 from the new seamless products, the company foresees excellent development that it believes will compensate for any further shrinkage in sales volumes on the traditional hosiery market.

26. Allocation of profits
In view of the results shown in the financial statements, we recommend paying a dividend of 100 lire per share, the same as last year.
A comparison with previous years is shown in the table below:

YEAR	TOTAL DIVIDENDS	NUMBER OF SHARES	DIVIDENDS PER SHARE
1995	2,000 million Lire	22 million	91 Lire
1996	5,000 million Lire	22 million	227 Lire
1997	7,497 million Lire	24.5 million	306 Lire
1998	1,225 million Lire	24.5 million	50 Lire
1999	2,450 million Lire	24.5 million	100 Lire
2000	2,450 million Lire	24.5 million	100 Lire

27. Approval of the financial statements
The financial statements are accompanied by the statutory auditors' report and by Arthur Andersen's audit report.
We ask the shareholders to approve the 2000 financial statements and the profit allocation, as illustrated in the table below:

Net profit for the year:	Euro	2,946,229.06
5% to the legal reserve	Euro	147,311.45
total dividends	Euro	1,265,319.40
dividend per share	Lire	100
number of share:		24,500,000
balance to transfer to reserves	Euro	1,533,598.21

The shares will go ex-div on 9 July 2001, and the dividend will be paid on 12 July 2001.

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

Ceresara, 15 May 2001

The Chairman of the Board of Directors

Attachments:
1. Reclassified statement of income
2. Reclassified balance sheet
3. Comments on the reclassified financial statements
4. Schedule 2C

Reclassified Statement of Income
(figures in thousands of Euro)

Attachment 1

	31 December 2000	31 December 1999
Net sales	95,360	95,555
Income from royalties	620	424
NET REVENUES	**95,980**	**95,979**
COST OF SALES		
Purchases	35,471	31,052
Labour costs	12,478	13,115
Services	6,693	6,688
Amortisation and depreciation	6,256	4,559
Other costs	4,820	3,895
(Increase) Decrease in inventories	(74)	4,181
	65,644	**63,490**
GROSS PROFIT	**30,336**	**32,489**
SELLING, GENERAL AND ADMINISTRATIVE COSTS		
Labour costs	5,629	5,311
Advertising expenses	7,794	8,815
Commissions	2,287	2,512
Depreciation & amortization	1,538	1,088
Other expenses	4,892	5,566
	22,140	**23,292**
OPERATING PROFIT	**8,196**	**9,197**
Net financial charges (income)	2,230	1,465
Writedown (writeup) of investments	3,016	3
Other charges (income)	(3,330)	(372)
	1,916	**1,096**
PROFIT BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**6,280**	**8,101**
Accelerated depreciation	2,142	2,497
Extraordinary charges (income)	(10)	(128)
PRE-TAX PROFITS	**4,148**	**5,732**
Income taxes for the year	(1,202)	(2,507)
NET PROFIT FOR THE YEAR	**2,946**	**3,225**

Reclassified balance sheet - Assets **Attachment 2**
(figures in thousands of Euro)

	31 December 2000	31 December 1999
CURRENT ASSETS		
Cash and banks	191	1,522
Trade receivables	38,377	44,349
Due from subsidiary and associated companies	10,129	1,388
Other receivables	2,252	1,646
Inventories	31,500	31,426
Accrued income and pre-paid expenses	365	608
Own shares	3,369	956
TOTAL CURRENT ASSETS	**86,183**	**81,895**
FIXED ASSETS		
Financial fixed assets:		
Financial receivables	393	482
Equity investments	22,810	13,851
Total financial assets	**23,203**	**14,333**
Tangible fixed assets	43,580	34,500
Intangible fixed assets	1,006	748
TOTAL FIXED ASSETS	**67,789**	**49,581**
TOTAL ASSETS	**153,972**	**131,476**

Reclassified balance sheet - Liabilities and Shareholders' equity
(figures in thousands of Euro)

	31 December 2000	31 December 1999
CURRENT LIABILITIES		
Short-term loans from banks	22,288	8,600
Current portion of medium/long term debt	10,326	13,013
Trade payables due to third parties	31,673	38,859
Trade payables due to subsidiary/associated companies	1,126	306
Tax payables	2,135	508
Other payables	1,558	2,137
Accrued liabilities and deferred income	122	322
TOTAL CURRENT LIABILITIES	**69,228**	**63,745**
MEDIUM-LONG TERM LIABILITIES		
Medium/long-term debt, net of the current portion	17,816	15,469
Bills payable		
Severance indemnities	4,531	4,057
Other provisions	1,165	1,087
TOTAL MEDIUM-LONG TERM LIABILITIES	**23,512**	**20,613**
TOTAL LIABILITIES	**92,740**	**84,358**
SHAREHOLDER'S EQUITY		
Share capital	12,653	12,653
Legal reserve	1,298	1,137
Share premium reserve	18,076	18,076
Surplus reserve	26,259	12,027
Net profit for the year	2,946	3,225
SHAREHOLDER'S EQUITY	**61,232**	**47,118**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**153,972**	**131,476**
MEMORANDUM ACCOUNTS	**25,723**	**22,261**

1. Summary information on the effects of the revaluation of plant and machinery (Law 342/2000)

Attachment 3

The Company took advantage of the possibility provided under Law no. 342 of 21 November 2000 to revalue its "Plant and machinery" for a total of 15.32 million euro. As a result, "Shareholders' equity" now includes a revaluation reserve (in suspense for tax purposes) of 12.41 million euro, net of substitute tax for 2.91 million euro, shown under "Tax payables".
The revaluation brings the value of fixed assets into line with those of other euro-based countries. By permitting significant future tax benefits, it should help the Company compete against its European counterparts.
The main effects of the revaluation are as follows (in millions of euro):

	Figures including revaluation	Figures excluding revaluation	Difference
Ordinary depreciation	7.79	6.10	1.69
Accelerated depreciation	2.14	1.95	0.19
Change in inventory (*)	(0.07)	0.09	(0.16)
Total higher costs			1.72

(*) includes the lifo-average cost effect

2. Analysis of the results for the year ended 31 December 2000 compared with the period ended 31 December 1999

The net profit for the period ended 31 December 2000 were 2.95 million euro, compared with the 3.23 million euro turned in the previous period.
The pre-tax profit for the period ended 31 December 2000 was 4.15 million euro, compared with the 5.73 million euro in the previous period.

Net sales - net sales in 2000 amounted to 95.98 million euro, essentially on a par with the previous period. Exports came to 51.6% of total sales (Western-central Europe took 25.6%, Eastern Europe 23.3%, and the rest of the world, 2.7%).
Exports represented by sales by the subsidiary Le Bourget came to roughly 16.5%.

Cost of Sales - cost of sales in 2000 was 65.64 million euro, 68.4% of net sales, compared with 66.2% in 1999. The increase in the cost of sales as a proportion of net sales is partly due to the effects of the revaluation described above and partly to sales to the French subsidiary, which has a lower profit margin.

Gross profit – the gross profit margin was 31.6% compared with 33.9% in the previous year.

Selling, general and administrative costs – selling, general and administrative costs, amounting to 22.14 million euro, represented 23.1% of net sales in the year compared with 24.3% in the previous period. The most significant item was advertising and promotional expenditure, of 7.80 million euro, accounting for 8.1% of net sales, compared with the 8.82 million euro invested in 1999, which accounted for 9.2% of the total.
This reduction was due to a different marketing strategy: given that it revolves around the new seamless product line, it requires a different time frame during the year. The Company launched an important television campaign in early 2001.

Operating profit – operating profit came to 8.20 million euro, representing an operating margin of 8.5%, compared with 9.6% in the previous period. The operating margin without the impact of the revaluation of plant and machinery would have been 10.3%.

Financial charges (income), net – net financial charges amounted to 2.23 million euro, increasing by 760,000 euro compared with the previous period, accounting for 2.3% of the net sales, up from the 1.5% of sales in the previous year.
The increased proportion of financial charges is due to the general increase in interest rates during 2000, as well as to the higher overall level of net debt as a result of the acquisitions of Le Bourget and Lepel.

Other income, net – other income, net of other expenses, mainly included dividends earned by the subsidiary Lepel S.r.l., for 2.84 million euro.

Pre-tax profit – Pre-tax profit amounted to 4.15 million euro, compared with 5.73 million euro in 1999.

Income taxes – income taxes came to 1.20 million euro and represented 29% of pre-tax profit, compared with 44% in the previous period. The reduction in taxes is largely due to the effect of the extraordinary dividends received from Lepel, which are neutral from a tax point of view, thanks to the tax credit.

3. Analysis of the net financial position as at 31 December 2000, with comparative figures as at 31 December 1999

The net debt situation at 31 December 2000 amounted to 50.25 million euro, compared with 35.56 million at 31 December 1999. The financial situation of the company is as follows (in millions of euro):

	31 December 2000	31 December 1999
Short-term bank borrowings	22.29	8.60
Current portion of medium/long-term debt	10.33	13.01
Cash on hand and bank accounts	(0.19)	(1.52)
Net short-term debt	**32.43**	**20.09**
Medium/long-term debt, net of the current portion	17.82	15.47
Total net debt	**50.25**	**35.56**

Net debt increased primarily as a result of the loan taken out for the Lepel acquisition, the money lent to the French subsidiary, and the investment in own shares for 3.37 million euro at 31 December 2000.

4. Analysis of the trend in net working capital and free cash flow for the year ended 31 December 2000

Net working capital at 31 December 2000 and 31 December 1999 is analysed in the following table (in millions of euro):

	31 December 2000	31 December 1999
Trade receivables	38.38	44.35
Trade receivables from subsidiaries and associated companies	10.13	1.39
Other receivables, accrued income and prepayments	2.62	2.25
Inventories	31.50	31.43
	82.63	**79.42**
Trade payables	(32.80)	(39.17)
Other payables, accrued liabilities and deferred income	(3.82)	(2.97)
	(36.62)	**(42.14)**
Working capital	**46.01**	**37.28**
Net short-term borrowings	(32.43)	(20.09)
Net working capital	**13.58**	**17.19**

Net working capital at 31 December 2000 decreased from the corresponding period in 1999.
In particular, current assets increased by 3 million euro, mainly because of the increase in the receivables due from subsidiaries, while trade payables decreased by 6 million euro.
Net short term borrowings increased by 12 million euro.

Attachment 4 - table 2C - format 3

SHARES HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS IN 2000

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	3,476,780			3,476,780
BERTONI FRANCESCO *	CSP INTERN. IND. CALZE SpA	3,476,780			3,476,780
BERTONI MARIA GRAZIA	CSP INTERN. IND. CALZE SpA	2,787,470			2,787,470
BERTONI CARLO	CSP INTERN. IND. CALZE SpA	929,896			929,896
BOSSI GIANFRANCO	CSP INTERN. IND. CALZE SpA	172,250			172,250
BARDINI VALTER **	CSP INTERN. IND. CALZE SpA	351,910			351,910

NOTE:
* Giuseppina Morè, the wife of Bertoni Francesco, is the beneficial owner of 2,787,470 CSP shares.
** Valter Bardini is the husband of Maria Grazia Bertoni

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2000

CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2000

BALANCE SHEET					EURO 31.12.2000	EURO 31.12.1999
ASSETS:						
A)	RECEIVABLES FROM SHAREHOLDERS:				0	0
B)	FIXED ASSETS					
	I.	Intangible fixed assets:				
		3.	industrial patents and intellectual property rights		845,268	407,096
		4.	concessions, licences, trade marks and similar rights		2,963	5,927
		5.	goodwill		135	169,605
		6.	consolidation difference			
		7.	others		157,401	164,821
			Total I.		**1,005,767**	**747,449**
	II.	Tangible fixed assets:				
		1.	land and buildings		16,773,859	17,481,279
		2.	plant and machinery		25,848,316	16,126,498
		3.	industrial and commercial equipment		142,529	203,288
		4.	other fixed assets		432,073	497,925
		5.	construction in progress and advances		383,023	190,814
			Total II.		**43,579,800**	**34,499,804**
	III.	Financial fixed assets:				
		1.	Equity investments in:			
			a)	subsidiary companies	22,806,501	13.047,469
			b)	associated companies	0	799,799
			d)	other companies	3,720	3,720
			Total 1.		**22,810,221**	**13,850,988**
		2.	Financial receivables:			
			a)	from subsidiary companies: a.a. due within 12 months	0	47,133
			b)	from associated companies: b.a. due within 12 months	65,009	63,875
			Total 2.		**65,009**	**111,008**
		3.	Other securities		271,876	315,650
			Total III.		**23,147,106**	**14,277,646**
	TOTAL FIXED ASSETS (B)				**67,732,673**	**49,524,899**

				EURO 31.12.2000	EURO 31.12.1999
C)	**CURRENT ASSETS**				
	I.	Inventories:			
		1.	raw, ancillary and consumable materials	6,846,229	6,715,904
		2.	semi-finished products, work-in-progress	10,567,752	7,896,642
		4.	finished products and goods	14,086,010	16,813,937
		5.	advances		
		Total I.		**31,499,991**	**31,426,483**
	II.	Receivables:			
		1.	trade accounts:		
			1.a. due within 12 months	38,377,006	44,347,981
		2.	subsidiary companies:		
			2.a. due within 12 months	9,894,568	337,557
		3.	associated companies:		
			3.a. due within 12 months	234,781	1,050,644
		4.	parent companies:		
			4.a. due within 12 months		
		5.	others:		
			5.a. due within 12 months	2,723,705	1,645,560
			5.b. due within 12 months	56,050	55,946
			Total 5.	**2,779,755**	**1,701,506**
		Total II.		**51,286,110**	**47,437,688**
	III.	Current financial assets:		0	0
		5.	own shares	3,368,943	956,554
		Total III.		**3,368,943**	**956,554**
	IV.	Liquid funds:			
		1.	cash at banks and post offices	159,894	1,466,082
		2.	cheques	0	480
		3.	cash and equivalents on hand	30,919	55,714
		Total IV.		**190,813**	**1,522,276**
	TOTAL CURRENT ASSETS (C)			**86,345,857**	**81,343,001**
D.	ACCRUED INCOME AND PREPAID EXPENSES			**364,794**	**608,247**
TOTAL ASSETS				**154,443,324**	**131,476,147**

				EURO 31.12.2000	EURO 31.12.1999
LIABILITIES:					
A)	SHAREHOLDERS' EQUITY:				
	I.	Share capital		12,653,194	12,653,194
	II.	Share premium reserve		18,075,991	18,075,991
	III.	Revaluation reserves		13,023,278	617,585
	IV.	Legal reserve		1,298,019	1,136,762
	V.	Reserve for own shares in portfolio		3,368,943	956,554
	VI.	Statutory reserves		0	0
	VII.	Other reserves:			
		a.	undistributed profit	9,661,134	10.246,658
		b.	capital grants reserve	205,717	205,717
		total VII.		**9,866,851**	**10,452,375**
	VIII.	Profit carried forward			
	IX.	Net profit for the year		2,946,229	3,225,138
	TOTAL (A)			**61,232,505**	**47,117,599**
B)	RISK AND CONTINGENCY RESERVE:				
	1.	pensions and similar commitments		0	0
	2.	for taxes		324,601	332,424
	3.	other		846,943	754,501
	TOTAL (B)			**1,171,544**	**1,086,925**
C)	RESERVE FOR SEVERANCE INDEMNITIES			**4,530,977**	**4,057,065**
D)	PAYABLES:				
	3.	banks:			
		a.	due within 12 months	32,614,239	21,612,534
		b.	due within 12 months	17,815,468	15,469,148
		Total 3.		**50,429,707**	**37,081,682**
	5.	advances			
		a.	due within 12 months	0	134,468
	6.	trade accounts:			
		a.	due within 12 months	31,672,487	38,858,955
	7.	notes payable			
	8.	subsidiary companies			
		a.	due within 12 months	1,120,410	118,809
	9.	associated companies			
		a.	due within 12 months	5,874	187,089
	10.	parent companies			
		a.	due within 12 months	0	0

				EURO 31.12.2000	EURO 31.12.1999
11.	taxes payable:				
		a.	due within 12 months	666,164	1,080,141
		b.	due within 12 months	1,939,985	
		Total 11.		**2,606,149**	**1,080,141**
	12.	social security institutions:			
		a.	due within 12 months	693,837	716,004
	13.	other payables:			
		a.	due within 12 months	857,586	715,105
	TOTAL PAYABLES (D)			**87,386,050**	**78,892,253**
E)	ACCRUED LIABILITIES AND DEFERRED INCOME			**122,248**	**322,305**
TOTAL LIABILITIES				**154,443,324**	**131,476,147**

MEMORANDUM ACCOUNTS	31.12.2000	31.12.1999
- Mortgages for loans	18,592,448	18,592,448
- Guarantees granted by third parties	903,800	0
- Guarantees given to third parties	299,084	297,823
- Assets in free loans to third parties	390,617	313,200
- Purchasing commitments	2,845,445	725,106
- Assets held by third parties	2,657,902	2,258,874
- Third party assets	33,614	73,583
- Total	**25,722,910**	**22,261,034**

STATEMENT OF INCOME				2000	1999
A)	PRODUCTION VALUE:				
	1.	Revenues from sale of goods and services		113,715,898	111,653,045
	2.	Changes in inventories of work-in-progress, semi-finished and finished products		-56,816	-3,350,528
	4.	Additions to fixed assets by internal production		0	0
	5.	Other income:			
		a.	other revenues and income	1,509,489	1,123,883
		b.	deposits to period account		
	TOTAL PRODUCTION VALUE (A)			**115,168,571**	**109,426,400**
B)	PRODUCTION COSTS:				
	6.	Raw, ancillary and consumable materials and goods		53,580,510	46,876,586
	7.	Services		25,991,735	26,857,836
	8.	Use of third party assets		1,446	20,138
	9.	Labour costs:			
		a.	wages and salaries	12,711,158	12,955,352
		b.	social security contributions	4,258,159	4,350,189
		c.	severance indemnities	1,007,192	989,393
		e.	other costs.	23,195	12,674
		Total 9.		**17,999,704**	**18,307,608**
	10.	Depreciation, amortisation and writedowns:			
		a.	amortisation of intangible fixed assets	867,506	1,362,368
		b.	depreciation of tangible fixed assets	9,068,327	7,478,690
		c.	other writedowns of fixed assets	0	0
		d.	writedown of doubtful accounts included in current assets and of liquid funds	426,978	720,092
		Total 10.		**10,362,811**	**9,561,150**
	11.	Changes in inventories of raw, ancillary and consumable materials and goods		-130,325	830,961
	12.	Provisions for risks and contingencies		235,122	173,495
	13.	Other provisions			
	14.	Other operating expenses		590,106	641,622
	TOTAL PRODUCTION COSTS (B)			**108,631,109**	**103,269,396**
	DIFF. BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (A-B)			**6,537,462**	**6,157,004**
C)	FINANCIAL INCOME AND (CHARGES):				
	15.	Income from investments:			
		a.	in subsidiary companies	4,508,751	0

				2000	1999
16.	Other financial income:				
		a.	income from securities held as current assets		
			c. parent companies		
		c.	income from securities held as current assets not representing equity investments	99,530	59,825
		d.	other than above:		
			d. from third parties	213,385	403,629
		Total 16.		**312,915**	**463,454**
	17.	Interest and other financial charges:			
		d.	from third parties	-2,345,734	-1,713,042
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)			**2,475,932**	**-1,249,588**
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:				
	18.	Writeups:			
		a.	of equity investments	0	0
	19.	Writedowns:			
		a.	of equity investments	-3,016,407	-2,490
		c.	from securities held as current assets not representing equity investments	-196,535	
		Total 19.		**- 3,212,942**	**-2,490**
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)			**-3,212,942**	**-2,490**
E)	NON-RECURRING INCOME AND CHARGES:				
	20.	Non-recurring income:			
		a.	gains on disposals	0	0
		b.	other non-recurring income	15,490	827,464
		Total 20.		**15,490**	**827,464**
	21.	Non-recurring charges:			
		c.	other non-recurring charges	0	0
		Total 21.		**0**	**0**
	TOTAL NON-RECURRING INCOME AND (CHARGES) (E)			**15,490**	**827,464**
	PROFIT BEFORE TAXES (A-B+/-C+/-D+/-E)			**5,815,942**	**5,732,390**
	22.	Income taxes for the year		-2,869,713	-2,507,252
	26.	**NET PROFIT FOR THE YEAR**		**2,946,229**	**3.225,138**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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 2000 are explained below. Except where expressly indicated, they have been applied consistently with the previous year:
Intangible fixed assets – These are recorded at purchase or production cost, including related charges. They are amortised on a systematic 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 recorded 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 may be written back, 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 may be written back if, 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.

Reserves for contingencies and other charges – These reserves 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 reserve is included in these reserves. This amount is paid by the company when agents terminate their service.

Reserve for severance indemnities – The reserve 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 costs – Advertising and promotional costs not benefiting future accounting periods are expensed to income in the 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 timing 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 reserve.

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 reserve. Any net gains are deferred, as permitted by current legislation.

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 of the Italian Civil Code.

The Euro:. In December 2000, the entire company computer system changed over to the Euro with the conversion of the historical archives. Therefore, as from that period the accounts and all other management activities have been prepared in Euro. The financial statements for the period ended 31 December 2000 show the 1999 balances converted into Euro for comparative purposes.

ANALYSIS OF THE CAPTIONS APPEARING IN THE FINANCIAL STATEMENTS

BALANCE SHEET

COMMENTS ON THE PRINCIPAL ASSET CAPTIONS :
■ B. FIXED ASSETS

B.I- Intangible fixed assets
Movements in intangible fixed assets during the period are set out in Attachment 1.
"Goodwill" refers to the excess purchase price of Tintoria di Ceresara S.r.l., a company acquired in 1996, compared with its actual value, which was formulated by a third party expert. Amortisation of goodwill, which lasts 5 years, was completed during the period under review.
Other intangible fixed assets include costs incurred for the registration and renewal of trade marks, and for the raising of finance. The latter are amortised over the life of the related loans while the former are amortised over 5 years.
B.II- Tangible fixed assets
Movements, increases and decreases, in tangible fixed assets are set out in Attachment 2.
The main increases essentially concerned the purchase of machines dedicated to the production of lingerie using the new seamless technology, as well as the revaluation made in accordance with Law 342/00 during the year.
The revaluation, made in observance of the maximum limit represented by the economic value market value shown in an independent expert appraisal, concerned only the plant and machinery acquired during the period from 1988 to 1999. This revaluation has led to the booking of a higher value for tangible fixed assets of Euro 15,316 thousand. The accounting entry was made, in compliance with the law, charging the higher values to, and thus increasing, the historical cost of the assets (Euro 6,206 thousand) for assets acquired up to 1995, and against, thus reducing the value of, accumulated depreciation (Euro 9,110 thousand) for assets acquired from 1996 to 1999, in order to more fully represent the residual useful lives of the assets concerned.
The effect of the revaluation was recorded as a revaluation reserves in shareholders' equity for a total of Euro 12,406 thousand, net of the substitute tax of Euro 2,910 thousand.
The revaluation also involved additional depreciation for the year 2000 of Euro 1,886 thousand.
This operation was subject to review by the Board of Statutory Auditors.
Ordinary depreciation has been calculated using rates considered to reflect the residual useful lives of the related assets. The rates applied are as follows:

Buildings	3.00%
Plant and machinery	12.50%
Industrial equipment	25.00%
Electronic office machines	20.00%
Office furniture and fittings	12.00%
Vehicles	20.00%
Cars	25.00%

Accumulated depreciation of tangible fixed assets at 31 December 2000 includes accelerated depreciation, as permitted by article 2426.2 of the Italian Civil Code, amounting to about Euro 3,724 thousand.
Accelerated depreciation has increased by Euro 2,418 thousand during the year, which represents the charge for the period. Accelerated depreciation has decreased by Euro 276 thousand due not only to reversals for higher depreciation for the period, not recorded as the assets have been fully depreciated, but also to disposals.
Moreover, the revaluation of plant and machinery led to an alignment of the net book value of the assets after the revaluation to their net book value without taking into account accelerated depreciation. These accounting entries, allowed by the rules on financial statements, produced a decrease in net profit for the year and shareholders' equity as of 31 December 2000 of Euro 2,593 thousand and Euro 2,225 thousand respectively, net of the related tax effect.

The list of assets by category at 31 December 2000, which under article 10 of Law No.72/83 have been subject to revaluation laws, is set out below:

Assets in existence as of 31/12/2000	Historical cost	Revaluation Law 576/75	Revaluation Law 72/83	Revaluation Law 413/91	Revaluation Law 342/2000 Costo storico	Total	Revaluation Law 342/2000 Acc. depreciation
Buildings light construction	20,647	21	141	468	0	21,277	0
Plant machinery	41,057	10	96	0	6,206	47,369	9,110
Equipment	883	0	15	0	0	898	0
Furniture office machines	1,225	0	8	0	0	1,233	0
Electronic office equipment	1,873	0	9	0	0	1,882	0
Cars/other vehicles	1,262	1	4	0	0	1,267	0

Mortgages and charges over tangible fixed assets are detailed in the section on memorandum accounts.

■ B.III- Financial fixed assets

Attachments 3a and 3b 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.

During the year, and more precisely on 28 June 2000, the Company acquired a 55% interest in Lepel S.r.l. of Carpi (Modena), an important company in the foundation garment industry operating mainly on the Italian market, at a cost of Euro 11,455 thousand. This acquisition allowed CSP International to speed up diversification within the lingerie market as well as offer Lepel further opportunities for growth, by means of product and distribution synergies.

The book value of the equity investment exceeds the corresponding portion of shareholders' equity since, at the time of its acquisition, the price paid was inclusive of goodwill and subsequently the subsidiary company distributed extraordinary dividends from reserves for Euro 2,840 thousand (pertaining to the Company).

During 1999, the Company purchased the Le Bourget Group which has 15% of the French hosiery market. The acquisition was initially formalised via the purchase of 100% of E.D.I., the holding company which held a 50.84% interest in Le Bourget's share capital (at the time of purchase quoted on the French OTC market). Subsequently, the Company launched a public bid for a further 48.71% of the share capital. Finally, the remaining 0.45% of Le Bourget's share capital was acquired at the beginning of 2000 with the launch of a Residual Public Offer. At the same time, the group was de-listed from the French stockmarket.

The Company incurred a total cost of Euro 13,195 thousand for this acquisition. The additional value paid with respect to shareholders' equity is attributable to trademarks and goodwill. The book value of this equity investment exceeds the corresponding portion of the shareholders' equity of the company for this purpose. During the year, Le Bourget S.A. suffered operating losses, related in part to the restructuring plan underway, as more fully described in the consolidated report on operations. The overall cost of these equity investments has been written down in relation to the operating losses and the erosion of the goodwill, for a value of Euro 3,007 thousand. The value as of 31 December 2000 of the equity investment in the Le Bourget Group approximates its valuation using the equity method. The writedown was fully allocated to the direct investment held in Le Bourget S.A., in accordance with current tax legislation.

The Company also holds a 50% interest in Sanpellegrino Polska, which was formed in 1998 and is owned jointly with a local distributor; this company is destined to manufacture (for the Company and otherwise) and market socks and stocking on the local market and throughout Eastern Europe. During 1999, it started up production, which expanded during 2000. The value of the equity investment increased during the period by Euro 373 thousand following an increase in capital, but which did not affect the interest held in the company in terms of percentage. The investment has been reclassified from an associated company to a subsidiary company since, with production up and running, it is effectively managed by the Company, both with regard to the composition of the Board of Directors (where CSP appoints the majority of the members), and in relation to the dependency of the subsidiary on the Company for the definition of investment, production and sales policies. The equity investment in Rozal S.a.r.l. has been written down (Euro 9 thousand), since the losses accumulated during the last approved accounting period and the suspension of distribution activities for France, a market on which the Company now distributes its own-brand products by means of the sales organizations of the Le Bourget Group, does not lead us to foresee sufficient profits over the short-term to cover the accumulated losses.

C. CURRENT ASSETS

C.I. Inventories

Inventories are made up as follows :

	31/12/2000	31/12/1999
Gross value	31,914	31,840
Writedown reserve	(414)	(414)
Net value	**31,500**	**31,426**

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, with the first layer using the valuation at 31 December 1995. Work-in-progress has been valued using the average production cost during the year.
If inventories valued at L.I.F.O. had been valued at average cost at 31 December 2000, their value would have been about Euro 240 thousand higher. Consequently, the net profit for the year would have been Euro 136 thousand higher, while shareholders' equity would have been Euro 143 thousand higher, net of tax.
The writedown reserve was determined on a specific basis and takes into account the possibility of utilization of products on alternative markets or their re-processing.

C.II.1. Trade accounts

Trade receivables may be analysed as follows:

	31/12/2000	31/12/1999
Trade receivables – Italy	24,551	25,554
Trade receivables – abroad	9,166	9,242
Bills subject to collection	7,572	12,050
Customers - invoices to be issued	872	619
Credit notes to be issued	(1,691)	(1,412)
Reserve for doubtful accounts	(2,093)	(1,705)
Total	**38,377**	**44,348**

Total trade receivables have decreased compared with the prior year mainly in relation to the increase during the year in sales with advance payment (mainly in Russia), and sales to subsidiary companies, reclassified under the caption “due to subsidiary companies”.
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 receivables reserve are as follows:

	Reserve at 1/1/00	Utilisation	Provisions	Reserve at 31/12/00
Article 71 of the Tax Consolidation Act	237	(97)	253	393
Additional reserve	1,526	0	174	1,700
Total	**1,763**	**(97)**	**427**	**2,093**

During the year receivables deemed to be completely unrecoverable have been written off to the reserve.

C.II.2. Due from subsidiary companies:

This caption refers to trade receivables due from companies belonging to the Le Bourget Group, Euro 7,958 thousand, and from S.P. Polska, Euro 1,937 thousand.

■ C.II.3. Due from associated companies:
These refer to trade receivables due from Rozal S.a.r.l. and CSP Hosiery (UK).

■ C.II.5. Other receivables :
The balance includes various receivables comprised as follows:

	31/12/2000	31/12/1999
VAT credits	679	348
Advances on income taxes for the year	471	0
Advances to suppliers	171	37
Employees' travel advances	7	6
Deferred tax assets	1,300	1,202
Other current receivables	81	30
Foreign VAT credits	14	22
Total other current receivables	**2,723**	**1,646**
Guarantee deposits	56	56
Total other non-current receivables	**56**	**56**
Total other receivables	**2,779**	**1,702**

The item "advances on income taxes for the year" is the sum of the advances paid over during the year (amounting to Euro 2,762 thousand), the first instalment of the substitute tax on revalued assets (Euro 970 thousand) and the tax credit on extraordinary dividends received from the company Lepel S.r.l. (Euro 1,668 thousand), less the tax liability for the year (Euro 2,989 thousand)
"Deferred tax assets" refer to the positive balance of deferred taxation arising on timing differences between the accounting values of assets and liabilities and their corresponding value for tax purposes.
The guarantee deposits are due within 5 years.

■ B.III.5 Own shares :
As of 31 December 2000, the Company owned 752,500 of its own shares, with a par value of Euro 388.63 thousand, corresponding to 3.071% of the share capital.
During the period under review, 742,000 own shares were purchased and 192,000, were sold. This resulted in a net capital gain of Euro 112 thousand.
As of 31 December 2000, a writedown of Euro 197 thousand was also made to adjust the value of the shares held in the portfolio to their market value, namely Euro 4.477. The investment of liquidity in own shares was authorised by the ordinary shareholders' meeting held on 27 April 2000, involving a limit of 10% of the share capital. This authorization is valid until 27 October 2001 and enables the Company to buy and sell shares at prices ranging between Lire 1,000 Lire and Lire 20,000.

■ C.IV. Liquid funds :
These represent cash on hand and bank current accounts open at 31 December 2000.

■ D. ACCRUED INCOME AND PREPAYMENTS
This caption is comprised as follows :

	31/12/2000	31/12/1999
Prepaid TV commercial	263	503
Prepayments	0	90
Others	102	15
Total	**365**	**608**

The caption prepaid TV commercial refers to the making of the new Sanpellegrino Seamless advertisement, whose cost pertains to 2001.

COMMENTS ON THE PRINCIPAL LIABILITY CAPTIONS

■ A. SHAREHOLDERS' EQUITY
Movements in shareholders' equity during the year are detailed in Attachment 4.

■ A.I. Share capital
The share capital at 31 December 2000, which is fully subscribed and paid-in, comprises 24,500,000 ordinary shares with a par value of Lire 1,000 each, unchanged with respect to the previous year. During the Board Meeting held on 15 May 2001, the conversion of the share capital into Euro was resolved, in compliance with article 17 of Legislative Decree 213/1998. The par value of each share is therefore now Euro 0.52.

■ A.II. Share premium reserve
The share premium reserve refers to the increase in share capital carried out in 1997 when the company was floated on the screen-traded market of the Italian Stock Exchange.

■ A.III. Revaluation reserves :
These reserves are broken down as follows:

	31/12/2000	31/12/1999
Revaluation Law 596/75	32	32
Revaluation Law 72/83	192	192
Revaluation Law 413/91	393	393
Revaluation Law 342/00	12,406	0
Total	**13,023**	**617**

As discussed earlier on in these notes, during the year the Company took advantage of the possibility to revalue its fixed assets (Law 342 of 21 November 2000), as specified in the commentary on tangible fixed assets in this document. The revaluation resulted in the booking of a revaluation reserve of Euro 12,406 thousand (net of substitute tax of Euro 2,910 thousand) 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 :
This reserve has increased by Euro 161 thousand compared with 1999 following the allocation of part of last year's net profit.

■ A.VII. Other reserves :
These increased by Euro 1,799 thousand as a result of allocating last year's net profit, and by Euro 28 thousand due to dividends received on own shares in portfolio, while decreasing by Euro 2,412 thousand in respect of the provision to the reserve for own shares in portfolio.

■ A.IX. Net profit for the year :
This caption refers to the net profit for the 2000 financial year

Amount of taxes for calculating the tax credit on profits distributed by the company (Decree Law No. 467 of 18 December 1997):
As required by Decree Law No. 467/97, the following (in Euro) 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
Euro 7,967,510	**Euro 5,186,153**

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 2,718,180, to be spread evenly in the tax returns of the next six years.

B. . RESERVES FOR CONTINGENCIES AND OTHER CHARGES :

Changes in this item are set out below :

	01/01/2000	Provisions	Utilisation	31/12/2000
Taxation reserve	332	46	(53)	325
Other:				
-Exchange fluctuation reserve	0	7	0	7
-Reserve for future contingencies	103	165	0	268
-Agents' supplementary indemnity	651	56	(135)	572
Total other	754	228	(135)	847
Total	**1,086**	**274**	**(188)**	**1,172**

The taxation reserve relates to deferred tax liabilities in respect of gains on the disposal of assets which benefit from a deferred tax regime.
In addition, a contingency reserve amounting to Euro 165 thousand has been provided for potential future liabilities which may arise on outstanding legal disputes.
The agents' supplementary indemnity has been accrued in accordance with the current collective labour contract.

C. RESERVE FOR SEVERANCE INDEMNITIES :

Movements during the year have been as follows:

	01/01/00	Utilisation	Provisions	31/12/00
Severance indemnity	4,057	(497)	971	**4,531**

Utilisations include Euro 276 thousand paid to leavers and advances of Euro 221 thousand granted to employees.

D. PAYABLES

D.3. Banks:

Indebtedness to banks has increased by Euro 13,348 thousand, passing from Euro 37,082 thousand to Euro 50,430 thousand, mainly as a result of the loan needed for the acquisition of Lepel, the money lent to the French subsidiary and the purchase of own shares.
This caption includes Euro 32,614 thousand of advances subject to collection, export advances and the current portion of medium/long-term loans and Euro 17,815 thousand of medium/long-term loans and other borrowings:

	During 2000	Within 5 years	Beyond 5 years	Total
Loans	10,326	17,815	0	**28,141**

Three new unsecured loans, totalling Euro 12,655 thousand were raised during 2000. They all bear market rates..
Mortgage guarantees have been given as security against certain loans stipulated in previous years. These guarantees are dealt with in greater detail in the section on memorandum accounts. As of 31 December 2000, there were no forward currency hedging transactions or transactions in financial derivatives. The overall trend of changes in financial flows is analysed in the cash flow statement, attached to these explanatory notes.

■ **D.6 . Trade accounts :**

This item has decreased by Euro 7,187 thousand, mainly as a result of variations in the timing of capital investments.

■ **D.11 Taxes payable :**

Taxes payable are made up as follows:

	31/12/2000	31/12/1999
Tax liability	0	572
Withholding taxes on payments to consultants/agents	66	41
Withholding on wages and salaries	600	467
Total	**666**	**1,080**

For the purposes of direct taxation, the tax years from 1995 onwards are still open; with regard to VAT, tax years still open include 1996 onwards.

■ **D.12. Payables to social security institutions :**

These include the following items:

	31/12/2000	31/12/1999
Employees social security/industrial accident insurance (INPS/INAIL)	629	673
Agents' social security (Enasarco)	36	10
Agents' social security (F.I.R.R.)	28	34
Total	**693**	**716**

■ **D.13 Other payables :**

These comprise :

	31/12/2000	31/12/1999
Payable to employees	816	673
Other payables	42	42
Total	**858**	**715**

Payables to employees include holiday pay of Euro 426 thousand at 31 December 2000.
The other payables are all due within 12 months.

■ **E. ACCRUED LIABILITIES AND DEFERRED INCOME :**

This caption refers to accrued bank interest payable.

MEMORANDUM ACCOUNTS

Mortgages for loans -- These are mortgages on company assets in guarantee of loans granted by banks, whose residual value amounts to Euro 2,427 thousand.
Guarantees received from third parties-- This caption relates to guarantees received from third parties in relation to acquisitions of subsidiary companies.
Guarantees given to third parties -- The caption relates to guarantees granted to third parties.
Assets held by third parties -- These mainly relate to portable computers and printers on loan to agents.
Purchasing commitments -- At 31 December 2000, there are commitments based on signed contracts for the purchase of tangible fixed assets amounting to Euro 2,845 thousand. These commitments refer to plant enhancements and the purchase of new machines, mainly used for the production of lingerie using the new seamless technology, Lire 2,313 thousand, while the remaining balance refers to software purchases.
Assets deposited with third parties -- The caption refers to the value of goods sent to subcontractors for processing.
Third party assets-- This caption includes third party goods for re-packaging and re-dyeing.

STATEMENT OF INCOME

COMMENTS ON THE PRINCIPAL STATEMENT OF INCOME CAPTIONS:

For a more detailed analysis of the statement of income and the events which have influenced the performance of operations during the year, 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:

	2000	1999
- Italy:		
-stockings	54,228	63,258
-woven products	5,155	7,647
-raw materials/other	619	258
- Western Europe		
- stockings	24,548	22,330
-woven products	1,633	0
-other	454	599
- Eastern Europe		
- stockings	22.295	14,080
-woven products	1,776	0
-other	368	1,155
- Non-European countries		
- stockings	2,632	2,296
-woven products	0	0
-other	8	30
Total	**113,716**	**111,653**

Revenues for sales of stockings in Italy have been influenced by the question of reinvoicing to large-scale retailers. This operation, representing Euro 8,431 thousand, involves the company repurchasing stockings sold to some dealers with their subsequent resale to large-scale retailers. Net sales of stockings also include sales of Seamless and other products amounting to Euro 1,691 thousand.
Sales of woven products, amounting to Euro 5,155 thousand, consist of sales of raw materials to sub-contractors, who in turn reinvoice them together with the cost of the work performed. Revenues are shown net of returns, discounts and allowances.
At Euro 103,703 thousand, net sales of stockings have increased by Euro 1,740 thousand on 1999. This increase, obtained despite the persisting global recession in sales of women's tights, is mainly due to the recovery of the Russian market, which has once again seen values reported before the crisis in 1998, and to the sales by the French subsidiary, Euro 8,175 thousand.
In fact, sales in Eastern Europe rose from Euro 14,080 thousand in 1999 to Euro 22,294 thousand during the year under review, an increase of Euro 8,214 thousand.

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

	Opening inventories	Closing inventories	Change +/-
Finished products	16,814	14,086	(2,728)
Work-in-progress	7,897	10,568	2,671
Total	**24,711**	**24,654**	**(57)**

A.5.a. Other income:

This caption is made up as follows :

	2000	1999
Transport & production expenses re-invoiced to customers	109	114
Advertising contributions	181	258
Expenses reinvoiced to customers	46	61
Royalty income	620	424
Gains on disposal of assets	199	12
Out-of-period income	351	88
Other	3	167
Total	**1,510**	**1,124**

Other income shows an increase in royalty income from licensees of the company's trademarks.

B. PRODUCTION COSTS

The balance of Euro 53,581 thousand consists of Euro 46,253 thousand for purchases of raw materials for manufacturing (Euro 39,685 thousand in 1999) and Euro 7,328 thousand for packaging and consumable materials (Euro 7,191 thousand in 1999).

The overall increase of Euro 6,704 thousand compared with 1999, is explained by the fact that the Parent Company acts as a purchasing centre for woven products also on behalf of the subsidiary companies, thereby gaining important benefits for all the Group companies. Furthermore, certain types of products other than stockings, such as lingerie, have been acquired from external manufacturers in substantial volumes, as internal production is still not sufficient to cover the volume of sales.

B.7. Services:

This caption is made up as follows :

	2000	1999
- Outside contractors	6,693	6,683
- Advertising	8,282	9,436
- Agents	2,326	2,537
- Transportation	1,514	1,729
- Power	2,480	2,005
- Directors' emoluments	524	517
- Statutory Auditors' emoluments	29	31
- Maintenance	1,362	1,129
- Heating	863	647
- Insurance	229	254
- General and commercial advice	371	720
- Travel	175	192
- Postage	129	160
- Other transport costs	170	165
- Legal	66	39
- Commercial information and communications costs	106	99
- Bank charges	140	153
- Other	533	362
Total	**25,992**	**26,858**

This caption has decreased by Euro 866 thousand compared with the previous year.

The most significant increases during the year concerned power and heating (Euro 691 thousand), due to higher consumption for the complete start-up of plant and machinery at the new production unit at Ceresara. Significant decreases were seen with regard to advertising expenses (Euro 1,154 thousand), costs relating to agents (Euro 211 thousand), transport costs (Euro 215 thousand) and consultancy (Euro 349 thousand).

Attachment 6 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 2000. The detail of this caption is set out on the face of the statement of income.

Labour costs have gone down by Euro 308 thousand compared to 1999. The decrease reflects a drop in the number of employees.

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

	01/01/00	New recruits	Leavers	31/12/00	2000 average
- Managers	8	5	0	13	11
- Supervisors	26	0	(3)	23	25
- Office staff	106	24	(18)	112	109
- Workers	593	28	(90)	531	562
Total	**733**	**57**	**(111)**	**679**	**706**

The new recruits and leavers categories also include internal promotions.

B.10. Depreciation, amortisation and writedowns

These comprise:

a. Amortisation of intangible fixed assets

	2000	1999
- Software	614	427
- Goodwill	169	169
- Deferred charges	73	58
- Flotation costs	0	697
- Other	11	11
Total	**867**	**1,362**

b. Depreciation of tangible fixed assets

	Ordinary	Accelerated	Total 2000	Total 1999
- Buildings	575	177	752	708
- Light constructions	1	0	1	3
- Plant/machinery	5,663	2,002	7,665	5,946
- Equipment	114	69	183	167
- Furniture, mechanical equipment	28	15	43	58
- Electronic office machines	111	110	221	243
- Cars	80	17	97	140
- Vehicles	30	25	55	122
- Assets worth under 1 million	51	0	51	92
Total	**6,653**	**2,415**	**9,068**	**7,479**

Tangible fixed assets purchased in 2000 have been depreciated at 50% of the normal rate, whereas assets acquired in previous years were depreciated at 100% of the normal rate.

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

Furthermore, the effect of the additional depreciation deriving from the revaluation of plant and machinery has also been illustrated in the note on tangible fixed assets.

d. Writedown of doubtful accounts included in current assets:

The caption "Writedown of doubtful accounts 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 reserve for doubtful accounts.

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

	Opening Inventories	Closing Inventories	Changes +/-
Raw materials	5,028	4,857	(171)
Packaging/ dyeing materials	1,688	1,989	301
Total	**6,716**	**6,846**	**130**

B.12. Provisions for contingencies and other charges:

This caption essentially includes the provision to the reserves for contingencies and other charges of agents' supplementary indemnities maturing in the year and the provision of Euro 165 thousand for contingencies linked to potential future liabilities arising as a result of outstanding legal disputes.

B.14. Other operating expenses:

This item is comprised as follows:

	2000	1999
- Entertaining	132	192
- Membership fees	64	48
- Stationery & other materials	111	108
- Non deductible VAT on gifts	23	24
- Taxes and duties	134	159
- Losses on the sale of assets	22	38
- General expenses	24	33
- Other charges	80	40
Total	**590**	**642**

C. FINANCIAL INCOME AND CHARGES

C.15.a. Income from equity investments:

This caption includes the amount relating to extraordinary dividends received from the subsidiary company Lepel, Euro 2,840 thousand, and the related tax credit of Euro 1,668 thousand.

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

This caption comprises :

	2000	1999
- Interest receivable on current accounts	16	21
- Interest receivable from customers	51	113
- Exchange gains	136	254
- Other interest receivable	10	16
Total	**213**	**404**

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

This caption comprises :

	2000	1999
- Interest payable on current accounts	281	288
- Interest payable on borrowings	700	440
- Interest payable on loans	1,304	909
- Other interest and charges payable	15	15
- Provision to the exchange fluctuation reserve	7	0
- Exchange losses	39	61
Total	**2,346**	**1,713**

■ **D.19.a Writedowns of equity investments:**

Reference should be made to the detailed analysis included under the section on financial fixed assets.

■ **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 2,870 thousand. The effective rate of taxation on pre-tax profit comes to 29%, taking into account the tax credit on dividends recorded under 'income from equity investments'.

Ceresara, Italy, 15 May 2001

The Board of Directors

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. -Schedule of movements in intangible fixed assets for the year ended 31 December 2000
2. -Schedule of movements in tangible fixed assets for the year ended 31 December 2000
3. -3a) Schedule of movements in financial fixed assets for the year ended 31 December 2000 e3b) List of equity investments in accordance with article 2427.5 of the Italian Civil Code
4. -Schedule of changes in shareholders' equity for the year ended 31 December 2000
5. -Cash flow statement for the years ended 31 December 2000 and 1999
6. -Schedule of remuneration paid to the Directors, Statutory Auditors and General Managers for the year ended 31 December 2000.
7. -List of significant investments held as of 31 December 2000.

Attachment 1

Schedule of movements in intangible fixed assets for the year ended 31 December 2000 (in thousands of Euro)

Description	Historical cost	Amortisation at 31.12.99	Writedowns at 31.12.99	Net book value at 31.12.99	Additions 2000	Reclassifications 2000	Amortisation 2000	Net book value al 31.12.2000
Industrial patents and intellectual property rights								
-Software	1,898	-1,491	0	407	1,052	0	-614	845
Concessions, licences, trade marks & similar rights								
-CSP trade mark	39	-33	0	6	0	0	-3	3
Goodwill	847	-677	0	170	0	0	-170	0
Other								
-Flotation costs	2,091	-2,091	0	0	0	0	0	0
-Deferred loan costs	65	-28	0	37	0	0	-11	26
-Other intangible fixed assets	291	-159	0	132	69	0	-70	131
total others	2,447	-2,278	0	169	69	0	-81	157
Total	**5,231**	**-4,479**	**0**	**752**	**1,121**	**0**	**-868**	**1,005**

Attachment 2

Schedule of movements in tangible fixed assets for the year ended 31 December 2000 (in thousands of Euro)

Opening balances

Description	Historical cost	Revaluations	Accumulated at 31.12.99	Net book value at 31.12.99
Land & buildings	20,602	630	-3,750	17,482
Plant & machinery	39,636	106	-23,616	16,126
Equipment	763	15	-575	203
Other assets	4,381	22	-3,906	497
Construction in progress	191	0	0	191
Total	**65,573**	**773**	**-31,847**	**34,499**

Movements during the year

	Additions 2000	Revaluations/+ Historical cost	Revaluations/* Acc. Depreciation	Decreases 2000	Decreases Revaluations	Reversal depreciation	Reclassification 2000	Depreciation 2000
Land & buildings	41	0	0	-1	0	0	5	-753
Plant & machinery	2,181	6,206	9,110	-760	0	-650	0	-7,665
Equipment	123	0	0	-3	0	-3	0	-184
Other assets	401	0	0	-25	0	-25	0	-466
Construction in progress	197	0	0	0	0	0	-5	0
Totali	**2,943**	**6,206**	**9,110**	**-789**	**0**	**-678**	**0**	**-9,068**

Closing balances

	Historical cost	Revaluations Historical cost	Revaluations Acc. Depreciation	Acc. Depreciation at 31.12.2000	Net book value at 31.12.2000
Land & buildings	20,647	630	0	-4,503	16,774
Plant & machinery	41,057	6,312	9,110	-30,631	25,848
Equipment	883	15	0	-756	142
Other assets	4,757	22	0	-4,347	432
Construction in progress	383	0	0	0	383
Total	**67,727**	**6,979**	**9,110**	**-40,237**	**43,579**

Attachment 3a

SCHEDULE OF MOVEMENTS IN FINANCIAL FIXED ASSETS FOR THE YEAR ENDED 31 DECEMBER 2000

AMOUNTS IN THOUSANDS OF EURO

	OPENING BALANCE				MOVEMENTS DURING THE YEAR					CLOSING BALANCE	
FIXED ASSETS	ORIGINAL COST	REVALUAT.	WRITEDOWNS	BALANCE AT 31.12.99	INCREASES	RECLASSIFIC.	DECREASES	REVALUATIONS	WRITEDOWNS	BALANCE AT 31.12.2000	OF WHICH REVALUED
EQUITY INVESTMENTS											
SUBSIDIARY COMPANIES											
LEPEL SRL - CARPI (MO) Via nuova Ponente, 25/b					11,455					11,455	
E.D.I. - LYON (F) Boulevard Vivier Merle, 1	6,663			6,663	38					6,701	
LE BOURGET S.A FRESNOY LE GRAND (F)	6,384			6,384	110				(3.007)	3,487	
SANPELLEGRINO POLSKA Sp.Z.o.o. Ul.Lodzka, 27-KONSTANTYNOW (LODZ) (PL)					372	791				1,163	
TOTAL SUBSIDIARY COMPANIES	**13,047**	**0**	**0**	**13,047**	**11,975**	**791**	**0**	**0**	**(3,007)**	**22,806**	**0**
ASSOCIATED COMPANIES											
ROZAL SARL - PARIS (F) Rue Turbigo, 30	9			9					(9)		
SANPELLEGRINO POLSKA Sp.Z.o.o. Ul.Lodzka, 27-KONSTANTYNOW (LODZ) (PL)	791			791		(791)					
CSP HOSIERY (UK) LTD - LONDON (UK) Action Park, 28	3		(3)	0							
TOTAL ASSOCIATED COMPANIES	**803**	**0**	**(3)**	**800**	0	**(791)**	**0**	**0**	**(9)**	**0**	**0**
OTHER COMPANIES											
CASSA RUR.ED ART. CASTELGOFFREDO (MN) Via Giotto, 2											
FONDO PENSIONE PREVIMODA - MILANO Viale Sarca, 223	2			2						2	
CONAI - ROMA Viale dell'Astronomia, 30	2			2						2	
TOTAL OTHERS EQUITY INVESTMENTS	**4**	**0**	**0**	**4**	**0**	**0**	**0**	**0**	**0**	**4**	**0**
TOTAL EQUITY INVESTMENTS	**13,854**	**0**	**(3)**	**13,851**	**11,975**	**0**	**0**	**0**	**(3,016)**	**22,810**	**0**
FINANCIAL RECEIVABLES											
SUBSIDIARY COMPANIES											
BENETTON LEGS loan				1						1	
TOTAL RECEIVABLES FROM SUBSIDIARIES	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	
TOTAL RECEIVABLES FROM ASSOCIATES	**0**	**0**	**0**	**64**	**0**	**0**	**0**	**0**	**0**	**64**	**0**
TOTAL RECEIVABLES	**0**	**0**	**0**	**65**	**0**	**0**	**0**	**0**	**0**	**65**	**0**

Attachment 3b

LIST OF EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES AT 31 DECEMBER 2000 (IN ACCORDANCE WITH ARTICLE 2427.5 OF THE ITALIAN CIVIL CODE)

AMOUNTS IN THOUSANDS OF EURO

NAME	SHARE CAPITAL IN LOCAL CURRENCY	SHAREHOLDERS' EQUITY Euro/000	PROFIT OR LOSS	STAKE HOLDING %	INTEREST IN SHAREHOLDERS' EQ. Euro/000	INTEREST IN PROFIT/LOSS Euro/000	BOOK VALUE	DIFF. BETWEEN BOOK VAL. & INTEREST IN SHAREHOLDERS' EQ.
EQUITY INVESTMENTS								
SUBSIDIARY COMPANIES								
E.D.I. - LYON (F) Boulevard Vivier Merle, 1	F.F 28,015,274	**** 3,529	(22)	100	3,529	(22)	6,701	(3,172)
LE BOURGET S.A FRESNOY LE GRAND (F)	F.F 16,604,544	**** (1,518)	(1,389)	(a) 99.996	(1,518)	(1,389)	3,487	(5,005)
SANPELLEGRINO POLSKA Sp.Z.o.o. Ul.Lodzka, 27 KONSTANTYNOW (LODZ) (PL)	Zloty 9,006,400	*** 2,477	106	50	1,239	53	1,163	76
LEPEL SRL - CARPI (MO) Via nuova Ponente, 25/b	Euro 3,848,000	**** 13,969	554	55	7,683	305	11,455	(3,772)
ASSOCIATED COMPANIES								
ROZAL SARL - PARIS (F) Rue Turbigo, 30	F.F 300,000	* (100)	(179)	20	(20)	(36)	0	(20)
CSP HOSIERY (UK) LTD - LONDON (UK) Acton Park, 28	LGS 10,000	** (383)	(257)	20	(77)	(51)	0	(77)

(a) indirect investment held via E.D.I. s.a. (who holds 50.83% of the share capital)

NOTE:

* as per the financial statements at 30 June 2000
(the book value of the investment as of 31.12.2000 has been written down, as detailed in the explanatory notes)

** as per the financial statements at 31 March 1999, translated at exchange rates ruling on that date

*** as per the financial statements at 31 December 2000 translated at exchange rates ruling on that date

**** as per the statutory financial statements as of 31 December 2000

Attachment 4

SCHEDULE OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2000
(in thousands of Euro)

Description	Share capital	Share premium reserve	Reserve for own shares	Revaluation reserve	Legal reserve	Other reserves	Net profit (loss) for the year	Total shareholders' equity
Balances at 01.01.2000	**12,653**	**18,076**	**957**	**618**	**1,137**	**10,452**	**3,225**	**47,118**
Allocations of 1999 net profit (General meeting of 27 April 2000)								
- 5% allocation to legal reserve					161		- 161	0
- Dividends distributed							- 1,237	- 1,237
- Dividends on own shares held in portfolio						28	-28	0
- Profits carried forward						1,799	- 1,799	0
Increase in reserve for own shares			2,412			- 2,412		0
Increase in revaluation reserve law 342/2000				12,405				12,405
Net profit for the year							2,946	2,946
Balances at 31.12.2000	**12,653**	**18,076**	**3,369**	**13,023**	**1,298**	**9,867**	**2,946**	**61,232**

Attachment 5

CASH FLOW STATEMENT
for the years ended 31 December 2000 and 1999
(in thousands of Euro)

	2000	1999
A. OPENING NET DEBT	-20,090	-35,888
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net profit for the year	2,946	3,225
Depreciation, amortization and writedowns	9,936	8,841
Losses on and writedowns of financial fixed assets	3,016	3
Net change in severance indemnities for employees and agents	395	655
Net change in reserves for contingencies and other charges	164	-9
Cash flows from operating activities before changes in working capital	**16,457**	**12,715**
(Increase) decrease in trade receivables	-2,770	6,690
(Increase) decrease in inventories	-74	4,182
Increase (decrease) in trade and other payables	-4,084	4,147
Changes in other working capital items	-4,217	1,625
	5,312	**29,359**
C. CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES		
(Purchase) disposal of fixed assets:		
Intangible	-1,126	-499
Tangible	-2,833	-4,993
Financial	-11,886	-13,099
	-15,845	**-18,591**
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
Raising of new loans net of the current portion of loans transferred to current payables	2,346	5,660
Dividends paid	-1,237	-630
Other changes in shareholders' equity, mainly substitute tax on revaluations	-2,910	0
	-1,801	**5,030**
E. TOTAL CASH FLOWS FOR THE YEAR (B+C+D)	**-12,334**	**15,798**
F. CLOSING NET DEBT (A+E)	**-32,424**	**-20,090**

Attachment 6 - format 1

REMUNERATION PAID TO DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS IN 2000

NAME	DESCRIPTION OF OFFICE		REMUNERATION			
NAME	POSITION HELD	DURATION OF OFFICE	EMOLUMENTS FOR THE OFFICE	NON CASH BENEFITS	BONUS AND OTHER INCENTIVE	OTHER REMUNERATION
BERTONI ENZO	chairman Board of Directors	27.04.00 for 3 years	229	use of cellular phone		
BERTONI FRANCESCO	managing director ***	27.04.00 for 3 years	286	use of cellular phone		
BERTONI MARIA GRAZIA	director	27.04.00 for 3 years		use of cellular phone		45*
BERTONI CARLO	director	27.04.00 for 3 years		use of cellular phone		39*
BOSSI GIANFRANCO	director and general manager***	27.04.00 for 3 years		use of cellular phone		263*
ARMANINI MASSIMO	director	27.04.00 for 3 years	9			
STRACCIARI VANNA	chairman Board of Auditors	27.04.00 for 3 years	9			
ANCESCHI DANILO **	auditor	16.04.98 for 3 years	3			
MONTESANO MARCO	auditor	27.04.00 for 3 years	9			
SAVOIA LUCA	auditor	27.04.00 for 3 years	6			

N.B.: the balances are expressed in thousands of Euro
* salaries as employees
** Anceschi Danilo in office until 27.04.2000
*** member of executive committee

Attachment 7

List of significant investments held as of 31 December 2000
(Article 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
E.D.I. S.A. Boulevard Vivier Merle, 1 – 69003 Lyon France	104,146	100	French Francs	269	By right	Direct	Owned
Le Bourget S.A 02230 Fresnoy Le Grand France	1,383,662	99.996	French Francs	12	By right	Direct and indirect*	Owned
Lepel SrL Via Nuova Ponente, 25/B 41012 Carpi Modena	2,116,400	55	Euro	1	By right	Direct	Owned
San Pellegrino Polska SP.z.00 Via Ul Laska -90-646 Lodz Poland	60,000	50	Zloty	50	By appointment and revocation of the directors	Direct	Owned
Rozal SARL 30 Rue de Turbigo 75003 PARIS FRANCE	600	20	French Francs	600	By right	Direct	Owned
CSP Hosiery UK - 28, Acton Park Estate W37QE London UK	2,000	20	GB Sterling	2,000	By right	Direct	Owned

* The indirect investment is held through E.D.I. S.A. which owns 703,373 shares, equal to 50.83% of share capital.

Note: The share capital is made up solely of ordinary voting shares or quotas.

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING
Pursuant to Art. 153 of Legislative Decree 58/98 and Art. 2429.3 of the Civil Code

Shareholders,
During the year ended 31 December 2000 we carried out the supervisory activities required by law. This entailed becoming familiar with the company's business and monitoring, to the extent required, that the company's organisational structure was adequate and that the company was observing the rules of proper administration. This we did by means of direct observation and information obtained from heads of departments.
We evaluated and monitored the internal control system and the administrative/accounting system, as well as the latter's reliability in giving a true and fair view of business events. This involved a review of the underlying documentation.
We also verified compliance with legislation regarding the preparation and presentation of the financial statements and directors' report on operations, by means of direct observation.
During the year we have had meetings with the independent auditors in order to exchange data and information.
The Board attended meetings of the Board of Directors, at least quarterly, and obtained 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, ensuring that they were in compliance with the law and the articles of association, not in contrast to the resolutions adopted at shareholders' meetings.
We have also evaluated and agreed upon the takeover bid for Lepel Srl.
The company took advantage of Law 342 of 21/11/2000 to revalue its fixed assets. For this reason, it has applied the clause in the articles of association that permits postponement of the approval of the financial statements.
The revaluation involved plant and machinery acquired between 1988 and 1999 and was based on an independent valuation. The current value of the assets, at cost, does not exceed the maximum limit laid down by art. 11.2 of the said law.
The revaluation brought the value of the assets more in line with those in other Euro-zone countries.
During our examination, no matters of importance arose that had to be reported to the supervisory authorities or mentioned in this report.
We therefore recommend that the shareholders approve the financial statements and their attachments as of 31 December 2000 as presented by the Board of Directors, as well as their proposed allocation of the net profit for the year.

Ceresara - Mantua, Italy, 28 May 2001

The Statutory Auditors:

Vanna Stracciari
Marco Montesano
Luca Savoia

REPORT OF INDIPENDENT AUDITORS

ARTHUR ANDERSEN

(Translation from the original issued in Italian)

Arthur Andersen SpA
Via Albere 19
37138 Verona

Report of the Independent Auditors pursuant to art. 156 of Legislative Decree no. 58 of February 24, 1998

To the Shareholders of
CSP International Industria Calze S.p.A.,

We have audited the financial statements of CSP International Industria Calze S.p.A. as of and for the year ended December 31, 2000. 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.

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.

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 dated April 6, 2000.

In our opinion, the financial statements of CSP International Industria Calze S.p.A. as of and for the year ended December 31, 2000, 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.

For a better understanding of the financial statements, we wish to draw your attention to the following information described in detail in the notes to the financial statements:

a. The Company took advantage of the provisions of the Law n. 342 of November 21, 2000, and restated the plant and machinery by Euro 15,316 thousands. The upward restatement determined the booking of a revaluation reserve in the Net Equity of Euro 12,406 thousands, taxable when distributed, and of the applicable substitute tax in the caption tax payable for Euro 2,910 thousands. The restatement determined an increase of the depreciation charged to the income statement for the year ended December 31, 2000, of Euro 1,886 thousands, gross of tax effect.

Sede Legale
Via della Moscova 3 20121 Milano

Reg Imp 297992 Tribunale di Milano
R.E.A. 960046
Cod. Fisc. 02466670581
Partita IVA 09869140153
Capitale Sociale Lire 3.000.000.000 i.v.

Bari Bologna Brescia Firenze
Genova Milano Napoli Padova
Roma Torino Treviso Verona

b. In the current and in prior years the Company provided for accelerated depreciation exclusively in application of tax regulations. On the other hand, the mentioned revaluation of plants and machinery determined an adjustment of their net book value to those without considering the accelerated depreciation. These accounting treatments, allowed by the existing law, determined an understatement of the net income and of the net equity as of December 31, 2000, respectively, of Euro 2,593 thousands and Euro 2,225 thousands, net of tax effect.

Verona, Italy
May 16, 2001

Arthur Andersen SpA

Giancarlo De Marchi - Partner