QUARTERLY REPORT
AT
30 SEPTEMBER 2001

CSP GROUP

CSP INTERNATIONAL INDUSTRIA CALZE S.p.A.
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CORPORATE BODIES

Board of Directors

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

Board of Statutory Auditors

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

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

DIRECTORS' REPORT ON OPERATIONS

The report on the financial statements for the 3rd quarter of 2001 is prepared in euros.
The scope of consolidation is constituted by CSP International (the parent company), Le Bourget, Lepel and Sanpellegrino Polska (the latter was carried at equity in the corresponding period last year).

Shareholders are reminded that the Parent Company acquired full control of Lepel purchasing the remaining 45% in June 2001 after acquiring 55% in June 2000.
With the Lepel acquisition the Group has guaranteed itself a solid base in terms of technical and production skills and brand strength on which to build the future development of its own business outside the field of hosiery in lingerie, especially in the bra market, both in Italy and abroad.
At the same time, the Parent Company is penetrating the lingerie market, both in Italy and abroad, with the introduction of products that use the new seamless technology, as well as fashion and menswear.
At the end of the first nine months of 2001, seamless lingerie already represents 14.7% of the Parent Company's sales, while overall lingerie (i.e. including Lepel) now accounts for 24.5% of total sales.
The initiatives taken in the direction of diversification are already making it possible to offset the ongoing decline in the consumption of stockings, with no sign of a trend reversal on the horizon.

On the distribution front, constant attention to the evolution of markets and sales channels persuaded CSP International to change quite significantly its distribution strategy in the field of Mass Retailing, the only channel with a growing consumption of stockings. From a type of "indirect" distribution, the Company switched to a type of "direct" distribution, starting on 1 January, as commented in the notes.

1. Key figures

The key figures in the first nine months of the year 2001 are the following:
- net sales for Euro 113.51 million, with an increase of 1.3% versus the same period last year
- depreciation and amortisation of Euro 9.02 million;
- a result, before taxes and minority interests, of Euro (0.27) million.
-

2. The statement of income

A detailed analysis of the balance sheet and statement of income figures is given in the notes attached to the financial statements. In this report we will only highlight certain key aspects, comparing them with the same period in 2000:
- net sales of Euro 113.51 million, compared with Euro 112.08 million. As at 30 September 2001, the sales revenues generated by the Company's main brands were as follows:
  - Sanpellegrino 37.2%
  - Lepel 14.2%
  - Oroblù 15.3%
  - Le Bourget 15.7%
- manufacturing labour cost of Euro 15.24 million, compared with Euro 15.38 million, stable at around 13.5%;
- depreciation and amortisation of Euro 9.02 million, compared with Euro 6.78 million, reflecting the revaluation of the Parent Company's plant and machinery and Lepel's trademark, as permitted by the tax supplement to the Budget Law 2000 (dated 21.11.2000);

- advertising expenditure of Euro 12.96 million, compared with Euro 11.45 million, + 13.2% on the same period in 2000: this is due to the investments made by the Parent Company and by Lepel;
- financial charges of Euro 3.02 million, versus Euro 2.13 million; this increase is mainly due to the financing for the acquisition of Lepel;
- a result, before taxes and minority interests, of Euro (0.27) million versus Euro 6.03 million. This result is affected by the following factors:
  - Euro 2.10 million of higher depreciation following the revaluation of fixed assets, which was only booked at the end of 2000;
  - around Euro 1.20 million of costs for reorganizing the distribution system for mass retailing sales;
  - Euro 2.01 million due to the adjustment of own shares in portfolio to market value.

These events, which were required to take advantage of good opportunities for the Company's future, will have an impact on this year's results, which are otherwise in line with last year's.

3. The Balance Sheet

The key figures in the consolidated balance sheet as of 30.09.01, compared with the same period last year, are as follows:
- trade receivables for Euro 58.75 million, versus Euro 60.42 million;
- inventories for Euro 57.25 million versus Euro 48.71 million;
- short-term debt for Euro 83.54 million, versus Euro 71.31 million;
- trade payables for Euro 35.95 million, versus Euro 32.29 million;
- shareholders' equity of Euro 59.53 million, compared with Euro 54.89 million.

4. CSP International

The key figures of the Statement of Income of the Parent company, CSP International for the first nine months of 2001, compared with the same period of the previous year, are the following:
- Net sales, gross of eliminations for inter-Company transactions, for Euro 74.28 million versus Euro 66.08 million in the same period of 2000, an improvement of 12.4%;
- depreciation and amortisation of Euro 6.71 million, Euro 0.82 million of which is accelerated depreciation, versus Euro 5,97 million;
- advertising expenses of Euro 6.09 million, compared with Euro 4.00 million, up 52%, to provide support during the market launch of the new Sanpellegrino and Oroblù brand lingerie lines.
- a pre-tax loss of Euro 0.67 million versus a pre-tax profit of Euro 5.30 million.

The key figures in the balance sheet of the Parent Company, CSP International, for the first nine months of 2001, compared with the same period last year, are as follows:
- trade receivables for Euro 33.17 million, versus Euro 32.78 million;
- inventories for Euro 39.37 million versus Euro 34.19 million;
- own shares for Euro 5.09 million (or 1,868,500 shares, corresponding to 7.6% of share capital), versus Euro 3.34 million: The Company continued to buy back its own shares, as authorised by the shareholders in a buy-back resolution approved at the meeting held on 27.04.2000, which is operative until October 2001;
- equity investments of Euro 35.46 million, versus Euro 25.75 million, an increase of Euro 9.71 million, following the acquisition of the other 45% of Lepel;
- tangible fixed assets of Euro 40.41 million, versus Euro 31.63 million. After the total reorganisation of its production facilities, which entailed considerable technological evolution with the automation of all the phases of production, involving huge investments during the four-year period 1997-2000, the Company is not expected to make further significant capital investments over the coming years;
- short-term debt for Euro 69.77 million, versus Euro 56.85 million;
- trade payables for Euro 28.22 million, versus Euro 24.83 million;

- shareholders’ equity of Euro 59.37 million, compared with Euro 51.18 million.

5. Le Bourget

The key figures in Le Bourget's statement of income for the first nine months of 2001, with comparative figures for the same period last year, are as follows:

- net sales of Euro 31.68 million, versus Euro 28.50 million, up 11.2%, all achieved in hosiery, the core business.
- advertising expenditure of Euro 3.13 million, compared with Euro 2.91 million
- financial charges of Euro 0.68 million, versus Euro 0.69 million;
- pre-tax breakeven, compared with Euro (1.95) million, which will enable the company to close the year with a net profit after only two years of management by CSP.

The key figures of Le Bourget's balance sheet, for the first nine months of 2001, compared with the same period last year, are as follows:

- trade receivables for Euro 14.71 million, versus Euro 14.10 million;
- inventories for Euro 13.02 million versus Euro 11.40 million;
- short-term debt for Euro 14.38 million, versus Euro 16.60 million;
- trade payables for Euro 4.26 million, versus Euro 4.53 million;
- shareholders’ equity of Euro 2.77 million, versus Euro (0.94) million.

6. Lepel

The key figures of Lepel's statement of income for the first nine months of 2001, with comparative figures for the same period last year, are as follows:

- net sales of Euro 18.83 million, versus Euro 23.43 million, a decrease of 19.6% compared with 2000, even though the company operates in a growing market (+3% in terms of value during 2000). The reasons for this result that goes against the trend depend on the company's marketing strategies, decided in 2000 for 2001, to spread new product launches over the course of the year rather than concentrate them in the first half as was done generally by the market in the past, with a view to spreading growth over 12 months;
- depreciation and amortisation of Euro 0.99 million, versus Euro 0.22 million.
- advertising expenditure of Euro 3.77 million, compared with Euro 4.71 million
- pre-tax profit of Euro 1.0 million, versus Euro 2.66 million.

The key figures in Lepel's balance sheet at the end of the first nine months of 2001, with comparative figures for the same period last year, are as follows:

- trade receivables for Euro 9.26 million, versus Euro 13.54 million;
- inventories for Euro 2.87 million versus Euro 3.21 million;
- cash on hand and banks for Euro 1.34 million, versus Euro 1.85 million;
- trade payables for Euro 2.23 million, versus Euro 2.47 million;
- shareholders’ equity of Euro 14.97 million, versus Euro 17.05 million.

7. Sanpellegrino Polska

Sanpellegrino Polska was fully consolidated for the first time, having previously been carried at equity. For this reason, comparative figures for the same period of the previous year are not available.

The key figures in Sanpellegrino Polska's statement of income for the first nine months of 2001, are as follows:

- net sales of Euro 6.73 million;
- depreciation and amortisation of Euro 0.18 million;
- pre-tax profit of Euro 0.50 million.

The key figures in Sanpellegrino Polska's balance sheet at the end of the first nine months of 2001, are as follows:

- trade receivables of Euro 1.63 million;
- inventories of Euro 2.66 million;

- trade payables of Euro 1.32 million;
- shareholders' equity of Euro 2.81 million.

During the course of 2001, almost double the number of machines were installed at Sanpellegrino Polska: this will allow the Group to benefit from a more favourable labour cost, especially for certain types of processing which require a high degree of manual work.

8. Outlook

The following developments are expected during the latter quarter of 2001.

CSP International (Parent company)
The year-end is expected to close with sales up on last year, thanks to the change in mix in favour of seamless lingerie products.

Le Bourget
Le Bourget should close with higher sales and, above all, with a profit: an improvement with respect to previous years as well as on budget.

Lepel
The company expects to reduce the delay in total sales accumulated up to now and to improve its operating margin.
The new collections presented for delivery in 2002 are obtaining very good results in term of orders, which is positive, confirming the rising trend in the market (+5% in volume).

Ceresara, 14 November 2001

The Chairman of the Board of Directors

CSP GROUP

OPERATING REPORT FOR THE THIRD QUARTER OF 2001

COMMENTS ON THE FINANCIAL STATEMENTS

Introduction

These notes refer to the results of the third quarter of 2001 and have been prepared in accordance with the current legislation with comparative figures for the corresponding period, for the nine-month period of the previous year as well as for the whole of 2000.

The accounting and consolidation policies used in preparing these financial statements have been applied consistently with the previous year's consolidated financial sheets as of 31 December 2000, except for the following differences :

INCOME TAXES FOR THE PERIOD: no provisions have been made for either current or deferred income taxes for the individual consolidated companies, as allowed under CONSOB's rules on the preparation of half-yearly reports, which the Company believes also apply to quarterly reports.

SALES INCENTIVES: the costs associated with sales incentives have been estimated on the basis of their impact on net sales for the year ended 31 December 2000, modified where necessary to reflect new contractual conditions.

This method guarantees consistency in the figures with the consolidated annual report for the previous year, taking into account the above differences in accounting treatment.

All the figures given in the following comments are expressed in millions of euros, unless stated otherwise.

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	Quarter 01/07 - 30/09 2001 CONSOLIDATED	Quarter 01/07 - 30/09 2000 CONSOLIDATED	Period at 30 Sept. 2001 CONSOLIDATED	Period at 30 Sept. 2000 CONSOLIDATED	31 December 2000 CONSOLIDATED
Net sales	42,201	39,826	112,963	111,559	159,608
Income from royalties	86	142	545	521	732
NET REVENUES	**42,287**	**39,968**	**113,508**	**112,080**	160,340
COST OF SALES					
Purchases	15,583	9,943	45,181	43,203	58,910
Labour cost	4,528	4,517	15,242	15,379	20,870
Services	3,164	2,488	9,790	8,963	11,452
Depreciation and amortisation	1,934	1,473	5,708	4,548	7,514
Other costs	1,635	1,530	5,398	4,733	6,806
(Increase) decrease in inventories	(1,153)	4,053	(11,126)	(6,369)	(2,968)
	25,691	**24,004**	**70,193**	**70,457**	**102,584**
GROSS PROFIT	**16,596**	**15,964**	**43,315**	**41,623**	**57,756**
SELLING, GENERAL AND ADMINISTRATIVE COSTS					
Labour cost	2,986	2,558	10,298	9,408	13,719
Advertising expenses	3,231	2,567	12,955	11,447	17,119
Commissions	776	863	2,342	2,608	3,573
Depreciation and amortisation	1,206	900	3,311	2,232	4,359
Other expenses	2,916	2,438	9,885	8,100	11,571
	11,115	**9,326**	**38,791**	**33,795**	**50,341**
OPERATING PROFIT	**5,481**	**6,638**	**4,524**	**7,828**	**7,415**
Financial charges (income), net	1,192	871	3,022	2,132	3,044
Writedown (writeup) of investments	(54)	(4)	(54)	(35)	9
Other (income) and charges	1,047	(63)	1,821	(556)	(621)
	2,185	**804**	**4,789**	**1,541**	**2,432**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**3,296**	**5,834**	**(265)**	**6,287**	**4,983**
Extraordinary charges and (income)	(38)	(109)	1	259	(1,156)
PROFIT (LOSS) BEFORE INCOME TAXES	**3,334**	**5,943**	**(266)**	**6,028**	**6,139**
Income taxes (*)	0	0	0	0	(2,782)
NET PROFIT (LOSS) FOR THE PERIOD	**3,334**	**5,943**	**(266)**	**6,028**	**3,357**
LEPEL'S PRE-ACQUISITION PROFITS BEFORE TAX	0	0	0	(1,361)	(331)
Net minority interests	(71)	(574)	(262)	(567)	(129)
NET PROFIT (LOSS) FOR THE GROUP	**3,263**	**5,369**	**(528)**	**4,100**	**2,897**

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

Reclassified Consolidated Balance Sheet - Assets

(figures in thousands of Euro)

	30 September 2001 CONSOLIDATED	30 June 2001 CONSOLIDATED	31 December 2000 CONSOLIDATED	30 September 2000 CONSOLIDATED
CURRENT ASSETS				
Cash and banks	2,370	1,277	2,013	3,477
Trade receivables	58,748	51,564	66,633	60,423
Due from subsidiary and associated companies	235	235	235	1,635
Other receivables	6,940	7,019	5,319	7,050
Inventories	57,245	56,484	46,166	48,712
Accrued income and prepaid expenses	683	1,431	892	600
Own shares	5,090	5,128	3,369	3,340
TOTAL CURRENT ASSETS	**131,311**	**123,138**	**124,627**	**125,237**
FIXED ASSETS				
Financial fixed assets:				
Financial receivables	629	544	750	769
Equity investments	110	110	14	1,164
Total financial fixed assets	**739**	**654**	**764**	**1,933**
Tangible fixed assets	50,618	52,351	53,387	45,056
Intangible fixed assets	20,600	21,242	19,355	17,689
TOTAL FIXED ASSETS	**71,957**	**74,247**	**73,506**	**64,678**
TOTAL ASSETS	**203,268**	**197,385**	**198,133**	**189,915**

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity

(figures in thousands of Euro)

	30 September 2001 CONSOLIDATED	30 June 2001 CONSOLIDATED	31 December 2000 CONSOLIDATED	30 September 2000 CONSOLIDATED
CURRENT LIABILITIES				
Short-term bank borrowings	55,181	43,252	33,448	36,994
Current portion of medium / long term debt	20,085	19,706	12,112	11,668
Trade payables due to third parties	35,951	40,596	40,027	32,290
Due to subsidiary / associated companies	6	6	6	388
Taxes payable	2,730	4,552	4,052	1,258
Other payables	7,311	7,520	5,682	6,870
Accrued liabilities and deferred income	427	229	221	182
TOTAL CURRENT LIABILITIES	**121,691**	**115,861**	**95,548**	**89,650**
MEDIUM/LONG-TERM LIABILITIES				
Medium / long-term debt, net of the current portion	10,639	12,672	23,712	26,129
Bills payable	0	0	0	0
Severance indemnities	6,010	5,796	5,868	5,701
Other provisions	3,662	3,696	3,989	5,817
TOTAL MEDIUM/LONG-TERM LIABILITIES	**20,311**	**22,164**	**33,569**	**37,647**
TOTAL LIABILITIES	**142,002**	**138,025**	**129,117**	**127,297**
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,741	1,523	7,572	7,728
SHAREHOLDERS' EQUITY				
Share capital	12,740	12,740	12,654	12,653
Legal reserve	1,365	1,365	1,330	1,298
Share premium reserve	18,076	18,076	18,076	18,076
Other reserves	27,872	29,447	26,487	18,763
Net profit (loss) for the period (*)	(528)	(3,791)	2,897	4,100
TOTAL SHAREHOLDERS' EQUITY	**59,525**	**57,837**	**61,444**	**54,890**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**203,268**	**197,385**	**198,133**	**189,915**

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

Comments on the financial statements

1. Introduction

In 2000, the Parent Company and the subsidiary Lepel S.r.l. took advantage of the possibility under Law no. 342 of 21 November 2000 to revalue their plant and machinery by a total of 15.32 million euro, and concessions, licenses, trade marks and similar rights by 5.16 million euro. The effects of these revaluations are explained in the consolidated financial statements at 31 December 2000. Please note that the revaluation led to a new accounting base for calculating depreciation and amortisation, which means that the figures in the two quarters are not directly comparable.

During the first four months of 2001, the parent company has also made a major change to its distribution system, whereby the network of distributors has taken on an important role in the logistics and management of the retail outlets, leaving the Company to handle direct relations with large-scale distribution chains for all matters concerning contracts and marketing policies.
This will give rise to more effective transmission of new initiatives and proposals to consumers, as well as greater control over the sales activity.

2. Analysis of the results for the quarter and the nine-month period ended 30 September 2001 compared with the same periods of the previous year

The quarter and the nine-month period ended 30 September 2001 show a net profit of Euro 3.26 million and a loss of Euro 0.53 million respectively, which compare with profits of Euro 5.4 million and Euro 4.1 million in the same periods last year.

The result as at 30 September 2001 is affected by the impact of the two factors mentioned in the introduction, i.e. higher depreciation and amortisation of Euro 2.1 million (due to revaluations) and around Euro 1.2 million (lower margins during the first half of the year due to the change in the distribution policy).

Net sales - Net sales for the third quarter and the nine-month period as of 30 September 2001 totalled Euro 42.29 million and Euro 113.51 million with respect to Euro 39.97 million and Euro 113.08 million in the corresponding periods of last year.

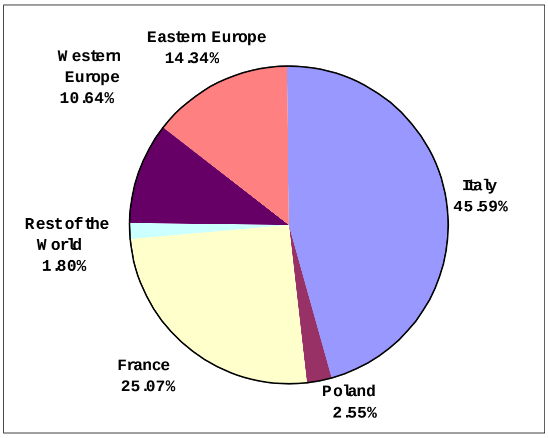
Total sales revenues for the period are substantially in line with the prior year. This resulted from the combined impact of the following aspects relating to the various Group companies:

- the Parent Company's sales are more or less stable compared with the same period in 2000, following the positive trend of sales of the new seamless lingerie lines, which offset the contraction in sales of tights, a market that confirmed that it is in a phase of ongoing decline.

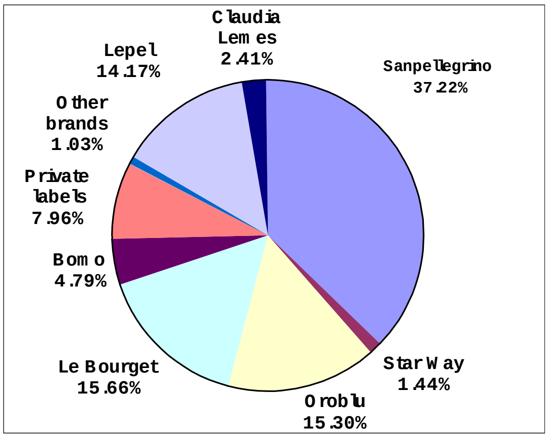
- The subsidiary Le Bourget managed to increase its sales by more than 10% thanks to consumers' appreciation of the new collections, as well as the extension of the distribution network. It should also be mentioned that this increase in sales was fed by supplies from the Parent Company, which replaced the previous third-party suppliers.
- The subsidiary Lepel saw a contraction in sales, partly due to a change in timing for the presentation of its collections which led to a reduction in sales volumes on the wholesale market, only partially offset by growth in the mass retailing channel. It is important to mention that since 100% control was achieved in June 2001, the new management team has launched a series of projects aimed at relaunching the Lepel brand in traditional channels, expanding distribution, and creating synergies with the Group's sales force.
- The subsidiary Sanpellegrino Polska, which was not consolidated during the same period last year, confirms volumes of sales in line with expectations, reinforcing its manufacturing role within the Group.

The following charts give a breakdown of Group sales by market and by brand:

Sales breakdown by geographical area



Sales breakdown by brand



Cost of sales - cost of sales in the quarter and nine-month period ending 30 September 2001 amounts to Euro 25.69 million and Euro 70.19 million respectively, versus Euro 24.00 million and Euro 70.46 million in the corresponding periods last year. The incidence of cost of sales on net sales has gone from 62.86% as of 30 September 2000 to 61.84% in the period under exam.

This improvement was obtained despite higher depreciation due to the revaluation of plant and machinery.

Gross profit – the gross profit margin for the third quarter and the nine-month period as of 30 September 2001 was 39.25% and 38.16% compared with 39.94% and 37.14% in the corresponding periods of the previous year.

Selling, general and administrative costs – selling, general and administrative costs, totalling Euro 11.12 million in the third quarter and Euro 38.79 million in the nine months as of 30 September 2001, represented 26.28% and 37.17% of net sales for the period, compared with 23.33% and 30.15% in the corresponding periods of last year.
The increase in the proportion of these costs is mainly due to three factors:

- advertising expenses rose by 1.20%, but this is expected to come back into line with last year's figure;
- depreciation and amortisation which increased by 0.93% with respect to the same period last year, because of the revaluation of the Lepel trademark.
- other expenses increased by 1.48% mainly because of the change in the distribution strategy mentioned above.

Operating profit – as of 30 September 2001 operating profit amounts to Euro 4.52 million with respect to an operating profit of Euro 7.83 million at the same date last year. As a percentage on net sales, the operating profit has gone from 6.98% as of 30 September 2000 to 3.99% in the period under exam, mainly due to the factors explained in the introduction.

Financial charges, net – Net financial charges for the period amounted to Euro 3.02 million, 2.66% on net sales, compared with 1.90% in the corresponding period last year.
This increase is attributable to the loan for the purchase of Lepel.

Other charges, net – other net charges mainly include the effects of the writedown of own shares in portfolio to adjust them to market value, i.e. the average stock exchange value during September 2001.

3. Analysis of the net financial position for the period ended 30 September 2001, compared with the net financial position at 31 December 2000 and at 30 September 2000

Net debt at 30 September 2001 amounts to Euro 83.54 million, compared with Euro 67.26 million at 31 December 2000 and Euro 71.31 million at 30 September 2000. The Group's financial position at that date is analysed as follows (in millions of euro):

	30 September 2001	31 December 2000	30 September 2000
Short-term bank borrowings	55.18	33.45	36.99
Current portion of medium/long-term debt	20.09	12.11	11.67
Cash on hand and bank accounts	(2.37)	(2.01)	(3.48)
	----------	----------	----------
Net short-term borrowings	72.90	43.55	45.18
Medium/long-term debt, net of the current portion	10.64	23.71	26.13
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Total net debt	83.54	67.26	71.31
	=====	=====	=====

Net debt increased with respect to the corresponding period last year mainly because of financing for the acquisition of the remaining 45% of Lepel. This loan, booked to short-term payables as at 30 September 2001, is already totally covered by a medium/long term operation which is currently being finalised.

4. Analysis of the trend in net working capital and free cash flow for the period ended 30 September 2001

Net working capital as of 30 September 2001, 31 December 2000, and 30 September 2000 is shown in the following table (in millions of euro):

	30 September 2001	31 December 2000	30 September 2000
Trade receivables	58.98	66.87	62.06
Other receivables, accrued income and prepayments	7.62	6.21	7.65
Inventories	57.25	46.17	48.71
	----------	----------	----------
	123.85	119.25	118.42
Trade payables	(35.96)	(40.03)	(32.68)
Other payables, accrued liabilities and deferred income	(10.47)	(9.96)	(8.31)
	----------	----------	----------
	(46.43)	(49.99)	(40.99)
	----------	----------	----------
Working capital	**77.42**	**69.26**	**77.43**
Net short-term borrowings	(72.90)	(43.55)	(45.18)
	----------	----------	----------
Net working capital	**4.52**	**25.71**	**32.25**
	=====	=====	=====

Net equity

Shareholders' equity as of 30 September 2001, Euro 59.53 million, did not undergo significant changes with respect to 31 December 2000, except for the distribution of dividends by the parent company and the net profit in course of formation.