CSP INTERNATIONAL

CONSOLIDATED HALF YEAR REPORT

30 JUNE 2003

CSP GROUP

CORPORATE BODIES

Board of Directors

Chairman and Managing director	Francesco	BERTONI (*)
Managing Director	Enzo	BERTONI (*)
Managing Director	Maria Grazia	BERTONI (**)
Managing Director	Carlo	BERTONI (**)
Directors	Massimo	ARMANINI
	Renato	ROSSI
	Arturo	TEDOLDI

Board of Statutory Auditors

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

Independent Auditors

Deloitte & Touche S.p.A

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

(**) Notes on exercising power: powers of ordinary administration.

DIRECTORS' REPORT ON GROUP OPERATIONS

The current difficult international economic climate continued in the first half of 2003 that had inevitable negative effects on the entire tights market.
In relation to the CSP Group the first half of the year show the following variations compared to the first half of 2002:

- lower sales of 10.36 million euro, equal in percentage terms to a reduction of 13.8%;
- a lower gross margin of 6.8 million euro, which as a percentage on sales reduces by 4.4 percentage points;
- a net loss of 7.39 million euro, equal to 11.4% of sales, compared to a net profit of 0.93 million euro, equal to 1.2% of sales, in the same period in the previous year.

The principal reasons for the negative performance in the first six months of 2003 are as follows:

1) the sales were influenced by the decrease in the tights market, , in particular, in our three principal markets, Italy, France and Russia, where we monitor consumer trends with specialized agencies such as GFK and Nielsen. The decrease in the tights category was particularly important in France, which registered – 17% in the first half of 2003, compared to the same period in the previous year, in the mass distribution channel (source Nielsen);
2) the negative result in the period is historically influenced by a seasonal sales factor, which on average accounts for 45% of the annual revenues in the first six months of the year, compared to 55% in the second half of the year; as indicated in the following table which shows the averages sales per quarter:

QUARTER	PERCENTAGE %
1st quarter	25%
2nd quarter	20%
Total 1st six months	45%
3rd quarter	25%
4th quarter	30%
Total 2nd six months	55%
Total year	100%

3) the gross margin was lower by 6.8 million euro and 4.4 percentage points on sales, for two principal reasons:
   - approximately 3.9 million euro attributable to the reductions in quantity and thus lower sales to cover the relative costs;
   - approximately 2.9 million euro attributable to unfavourable product mix;

4) the months of May-June saw exceptionally high temperatures, which resulted in the advance closing of the spring season compared to the historical period and put an almost complete stop to the consumption of tights;

5) provisions were also made in the period for extraordinary charges of over 1 million euro, in relation to the reduction of personnel, equal to 63 units, in the subsidiary Le Bourget, through a Social Plan agreed with the personnel and trade union representatives.

Group performance

Reclassified summary income statement

(in millions of Euro)	Period at 30 June 2003		Period at 30 June 2002		31 December 2002	
	valori	**%**	**valori**	**%**	**valori**	**%**
Net sales	64.99	*100.0%*	75.35	*100.0%*	159.52	*100.0%*
Cost of Sales	43.36	*66.7%*	46.92	*62.3%*	99.71	*62.5%*
Gross profit	**21.63**	*33.3%*	**28.43**	*37.7%*	**59.81**	*37.5%*
Selling, general and administrative costs	25.34	*39.0%*	24.86	*33.0%*	54.84	*34.4%*
Operating profit	**(3.71)**	*-5.7%*	**3.57**	*4.7%*	**4.97**	*3.1%*
Net financial charges	1.90	*2.9%*	1.98	*2.6%*	3.96	*2.5%*
Net other (income) and charges	1.83	*2.8%*	0.54	*0.7%*	2.33	*1.4%*
Profit (loss) before taxes	**(7.44)**	*-11.5%*	**1.05**	*1.4%*	**(1.32)**	*-0.8%*
Income taxes	(*)	*(*)*	(*)	*(*)*	(2.81)	*-1.8%*
Net profit (loss) for the period	**(7.44)**	*-11.5%*	**1.05**	*1.4%*	**(4.13)**	*-2.6%*
Minority interests	0.05	*0.1%*	(0.12)	*-0.2%*	(0.09)	*-0.1%*
Net profit (loss) for the Group	**(7.39)**	*-11.4%*	**0.93**	*1.2%*	**(4.22)**	*-2.6%*

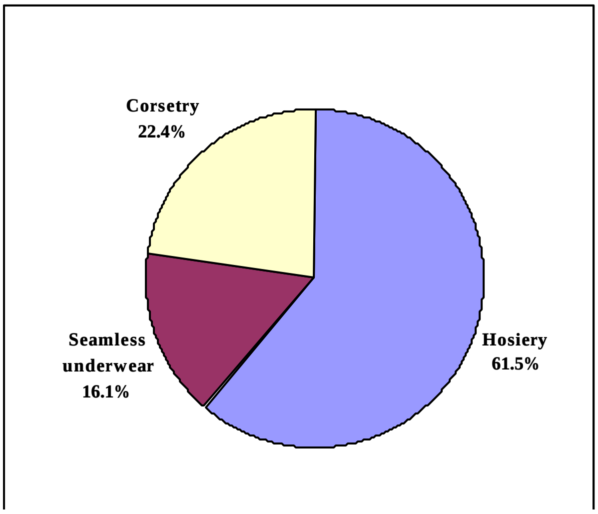
(*)income taxes for the period are not calculated as of 30 June

The net revenues shown in the reclassified income statement differ from the net revenues in the consolidated financial statements for the six months principally due to the exclusion of the sales to third parties in order to maintain the normal production cycle (yarn sales and production materials). In order to provide a better representation of the activities of the Group, the comments below will make reference to the reclassified managerial accounts included in the present report.

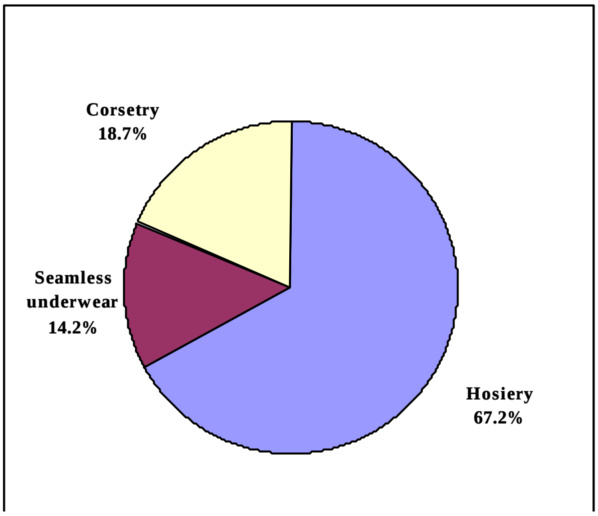
Net sales – Net sales in the first half of the year passed from 75.35 million euro to 64.99 million euro with a decrease of 13.8%; this decrease is principally attributable to the decline in sales of stockings in the Russian market and the wholesale market in Italy, connected to the Russian market through the so-called "parallel sales", as well as the decrease of private label sales in France.

The following graphs show the breakdown of sales by product sector, brand and geographical area for the

PRODUCTS: % of sales at 30.06.2003



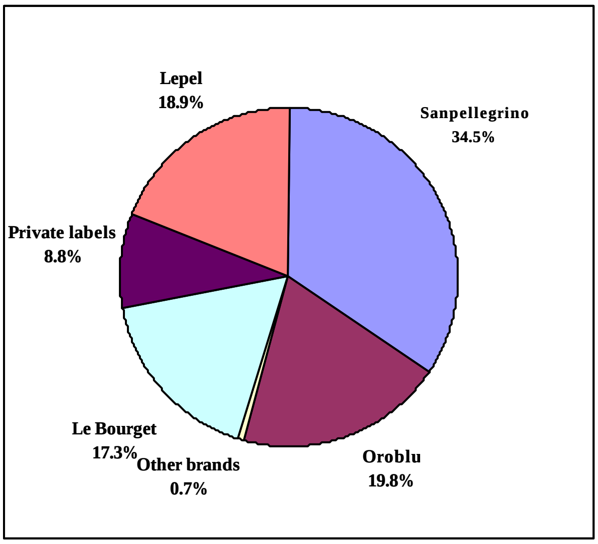
PRODUCTS: % of sales at 30.06.2002



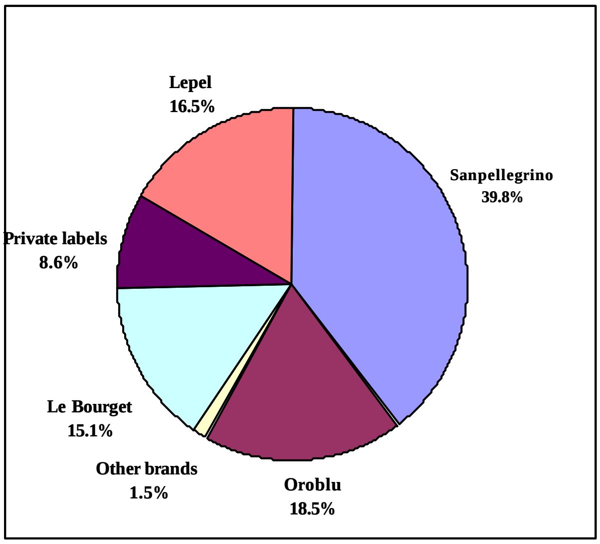
period under review compared with those of the same period of 2002:

In the first six months of 2003 sales of hosiery declined by 21.1% compared to the same period in 2002, confirming the chronic trend in this type of merchandise, accentuated by the drop in consumption in the Russian market.
In the first six months of the year corsetry increased by 3.6% compared to 2002, while the seamless underwear and corsetry together passed from 32.9% to 38.5% of total turnover, in line with the diversification policy undertaken by the Group.

BRANDS: % of sales at 30.06.2003

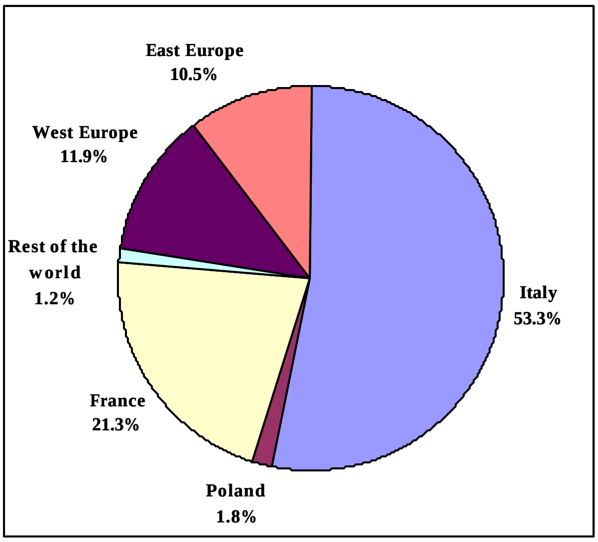


BRANDS: % of sales at 30.06.2002

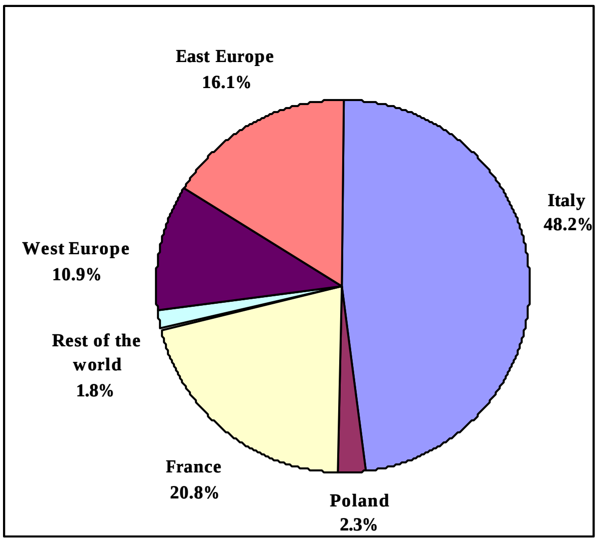


In the first six months of 2003 Sanpellegrino suffered from the negative effects of the already mentioned drop in hosiery consumption in Russia and in the wholesale in Italy, where however the brand obtained positive results in the mass distribution channel both in stockings (+ 3.7%) and in seamless underwear (+ 27.0%).
The brands Le Bourget and Lepel confirmed the value of sales made in the first half of 2002; in particular, the results achieved by the Le Bourget brand appears extremely positive in consideration of the recession that has characterized the French hosiery market.

AREAS: % of sales at 30.06.2003



AREAS: % of sales at 30.06.2002



As regards sales by geographical area, the first six months were characterised by a fall in sales in the three principal markets of the Group; in particular, Eastern Europe recorded a reduction of 5.27 million euro (-

43.5%) while France, against the above-mentioned confirmation of the Le Bourget brand, saw a significant decline in private labels due to the non renewal of some contracts considered too costly.
Finally, in relation to the Italian market the fall in sales (- 4.7%) appears substantially in line with the general contraction in consumption.

Gross profit – the gross profit margin for the first half of the year was 33.3% compared to 37.7% in the same period in the previous year.
The lower margins are principally attributable to the lower volume of sales leading to a lower absorption of fixed costs, as well as greater use of promotional leverage to compensate for the poor state of the market.

Selling, general and administrative costs – Selling, general and administrative costs, totalling 25.34 million euro, represent 39.0% of net sales in the period, compared to 33.0% in the same period in the previous year.
The increase compared to the first half of 2002, equal to 0.48 million euro, is principally attributable to higher advertising expenditure, up by 2.02 million euro, partially compensated by the decrease in personnel costs (in particular in France, where the rationalisation which began in 2002 has shown the first results) and other variable expenses related to the decrease in sales (mainly transport and sales costs).
The above-mentioned increase in advertising is principally due to scheduling changes of the advertising campaigns of the different brands of the Group; these costs for the full year are in line with the costs in previous years.

Operating result – The operating result in the first half of 2003 is a loss of 3.71 million euro, compared to an operating profit of 3.57 million euro in the same period in the previous year. This result is principally due to the above-mentioned reduction in the volume of sales and margins.

Financial charges, net – Net financial charges in the first half of 2003 amount to 1.90 million euro compared to 1.98 million euro in the same period in the previous year, in line with the substantial stability of the average indebtedness.

Other net income and charges – This caption, totalling 1.83 million euro compared to 0.54 million euro in the same period of 2002, refers for 0.79 million euro to the write-down of own shares held in portfolio, after their adjustment to market value at period-end (1.2668 Euro per share), and for 1.00 million euro to the provision for restructuring costs (Social Plan) at Le Bourget.

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

Reclassified summary balance sheet

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

(in millions of Euro)	30 June 2003	31 December 2002	30 June 2002
Current assets	106.58	127.78	117.97
Current liabilities	(38.79)	(43.39)	(49.78)
Net working capital	**67.79**	**84.39**	**68.19**
Equity investments (including own shares)	3.31	4.13	6.58
Tangible and intangible fixed assets	58.05	62.67	66.29
Capital employed	**129.15**	**151.19**	**141.06**
Other medium/long-term liabilities	(12.43)	(11.64)	(10.42)
Net capital employed	**116.72**	**139.55**	**130.64**
Net debt	69.73	83.69	69.53
Shareholders' equity attributable to minority interests	1.30	1.53	1.56
Net equity	45.69	54.33	59.55
Total	**116.72**	**139.55**	**130.64**

Working capital - Net working capital at June 30, 2003 amounted to 67.79 million euro in line with the amount at June 30, 2002. The current assets reduce by 11.39 million euro due to the decrease in trade receivables, in relation to the fall in sales, and reductions in inventory following the implementation of the policy to contain inventory levels, reduced by 3.50 million euro.
The current liabilities reduce by 10.99 million euro principally due to the reduction in trade payables (- 9.33 million euro) as a consequence of the slowdown in production activity.

Capital invested - The capital invested passes from 141.06 million euro at June 30, 2002 to 129.15 million euro, principally caused by the decrease in fixed assets due to amortisation and the write-down in own shares held in portfolio.

Net debt - The net debt, as shown in the table below, is largely stable compared to the same period in the previous year.

The net financial position is comprised of:

(in millions of Euro)	30 June 2003	31 December 2002	30 June 2002
Short-term bank borrowings	45.47	54.74	41.70
Current portion of medium/long-term debt	15.04	12.81	13.70
Cash and banks	(1.39)	(0.78)	(3.14)
Net short-term borrowings	**59.12**	**66.77**	**52.26**
Medium/long-term lending, net of the current portion	10.61	16.92	17.27
Net debt	**69.73**	**83.69**	**69.53**

Group performances company by company

In relation to the results of the individual companies, the most significant aspects and events in the first half of the year are noted.

Parent Company
The loss of the Parent Company was equal to 3.82 million euro, amounting to 6.4% of sales.
The Parent Company which, after the merger with Lepel, is organised in the two divisions of Sanpellegrino/Oroblù and Lepel, suffered the losses in the Sanpellegrino/Oroblù Division, as illustrated below.

Sanpellegrino / Oroblù Division
The Division suffered particularly from the decline in the sales of the Sanpellegrino brand, which halved sales in both the Russian market and in the wholesale channel in Italy, which is connected to Russia, through the "parallel sales". The difficulties in the Russian market are principally due to the revaluation of the Euro and the emergence of local brands and production.

Lepel Division
Lepel, which after the merger of January 27, 2003 became an operating Division, shows results in line with the first half of 2002, both in terms of sales and margins. The growth in the *Claudia Lemes* collection and the launch of the new *Revolution* brassiere were the most significant events from a commercial viewpoint.

The Le Bourget Group
The results of the French subsidiary are contrasting:
- positive for the performance of the Le Bourget brand, which held market share;
- negative for the necessary renunciation of the production of the private labels for French distribution chains, for the impossibility to practice prices below cost.

The loss was equal to 2.77 million euro, of which 1 million for the Social Plan, as already mentioned and also includes the costs relating to the liquidation of the Le Bourget Benelux subsidiary, no longer commercially relevant.

Sanpellegrino Polska
The Polish company, held for 50%, shows a loss of 0.14 million euro, equal to 5.6% of sales, for two principal reasons:
- the reduction of the production orders from the Parent Company, due to the difficulty related to the production capacity situation;
- the trend in demand in Poland and neighbouring countries.

Intercompany and related party transactions

No unusual transactions as defined by CONSOB were carried out during the first half of 2003.
Relationships between Group companies mainly involve transactions related to production and commercial activities, regulated at normal market conditions.

Treasury shares

In the first half of 2003 there were no sales or purchases of treasury shares. The Company continues to hold, since June 30, 2002, the same number of shares, equal to 2,358,850, and equivalent to 9.6% of the share capital. The value was further written-down in the period to adjust to market conditions. Currently the value recorded in the financial statements equal to 1.27 Euro, compares to a market value, at mid-September, of 1.40 Euro.

Subsequent events to June 30, 2003

The principal events occurring after the period end are as follows:

Personnel: the formalization took place of the already announced "Plan Social" for the French subsidiary Le Bourget, which results in the reduction of 63 employees, commencing from September.

Rationalisation of bank debt: at the end of July, the Parent Company obtained a medium term loan of Euro 10 million from a primary banking institution, improving the ratio between short and medium/long term indebtedness.

Suppliers: agreement was made with the majority of the most important suppliers to change the payment terms to 120 days (previously an average of 90 days).

Future outlook

Some significant aspects relating to the second half of the year are listed below.

Market: the consumer data is now available, relating to the stocking and tights market, in Italy, of the first half of the year to June 30, 2003, recording a total reduction of 9.9%, compared to the previous year, with a reduction of 15% in the tights segment.

Sales: the market in recession reflects as a consequence on the quantity of the orders received, sales and order portfolio. In relation to the two summer months, July and August, this does not have a determining impact on the annual result (less than 15% of the total), but constitutes indicators of a negative market.

Inventory: the inventory of finished and semi-finished goods of the Parent Company was reduced by 3 million dozens at June 30, to a level of 2.6 million dozens at the end of August. Of even greater significant is the comparison with August 2002, when the stock amounted to 4.1 million dozens.

Prices: a price increase of 2% has been prepared on all articles that do not have a direct competitor comparison: the increases, already announced to the various sales channels, will commence from November. The impact will be modest for the current year, with greater impact in the following year.

Presentation of new products: the new Sanpellegrino BioComplex tights, met favourably by the market, will be promoted by an advertising campaign, in Italy and in Russia, in the period September -December 2003, taking advantage of the cosmetic positioning of the new products.
The sales budget for the entire second half of the year was already achieved and surpassed at the beginning of September.
The same products with moisturising, slimming and toning effects will be presented in France, with the brand Le Bourget (Supermarkets) and Le Bourget Paris (Large stores).

Impact of new products: the new products as a percentage of sales, in the first seven months of the year, were equal to 6% of the total quantity and 14% in value, as evidence of the possibility to apply higher prices and thus obtain higher margins on the new conception products.

Diversification: the offer of diversified products, which reached 30% of the total sales in 2002 and 38% of the total in 2003, was further enriched with seamless underwear articles for the brands Sanpellegrino and Oroblù and corsetry articles for the brand Lepel, presented to the sales force in the conventions at the beginning of September.

Brand shops: the Oroblù shop in the Commercial Centre of Orio al Serio is being completely restructured in September (under this new format a second shop will be opened in the Barilla Centre at Parma by the autumn).

The containment of the losses in the second half of 2003 will not avoid a negative result for the financial year 2003, for several principal reasons:

- the size of the losses in the first half of the year, are not easy to compensate in the second half of the year;
- the fiscal aspect, which has not been applied to the first half of the year but, even in the absence of profits, will result in the provision of IRAP (regional tax) and other taxes that will amount to a couple of million euro;
- the typical mechanism of our market and clothing in general, where the actions of the first half of the year substantially determine the results in the second half of the year;
- the corrective actions in the second half of this year will have an effect on the results of 2004, but will only marginally influence those of the second half of 2003.

For all of these reasons, the results for the full year 2003 may show a loss in line with the first half of the year and thus in the order of 10 million Euro, after taxes.

The company objectives

The results for the previous two years and the first half of 2003 impose a series of actions which will permit

- the containment of the losses in the second half of 2003;
- the achieving of a pre-tax breakeven and before extraordinary items in 2004;
- the return to net profit, after taxes, in 2005.

The actions programmed

The actions programmed for the elimination of the pre-tax losses and before extraordinary items (objective for 2004) and the return to profit after tax (objective 2005) can be summarized under three chapters:

- reduction of costs;
- improvement of the margins;
- stabilization of the sales.

The full actions to be taken have been analytically developed in a three-year Business Plan, which in summary provides for the following.

A. Lower costs by
   - reduction of personnel: 63 employees in Le Bourget from 2004 in application of the already mentioned Plan Social, and approximately 100 in the other components of the Group, as a consequence of normal turn-over;
   - containment of production capacity: 1 million dozen in Le Bourget from 2004 and 1.5 million dozen in the Parent Company within three years, with a total reduction from 8.2 to 5.7 million dozen in the production capacity;
   - disposal of machinery no longer operatively necessary;
   - reduction of distribution costs, modifying the sales format of the Large Stores;
   - reduction of logistical costs, unifying warehouses of the Parent company and Lepel;
   - containment of the promotional-advertising investments within 10% of sales;
   - reduction of indebtedness by at least 5 million euro per year, due to the reduction in inventory and working capital in general;
   - lower amortisation and depreciation costs due to the containment of the investments in production machinery, for over 2 million euro in three years.

B. Improved margins due to

- impact of diversification on total sales: the diversification, implemented in 2000, has achieved 38% of total sales in the first half of 2003 and is forecast to reach 50% within three years;
- launch of innovative products with higher margins than the existing margins, on models of the Sanpellegrino BioComplex products, in the tights collection and the Seamless underwear collection;
- proposal of fashion and fantasy articles, produced internally by the company, at higher margins than those currently achieved;
- updating of prices, on products less exposed to competitive pressures;
- taking advantage of the most profitable distribution channel, the Italian retail, distributing in addition to Oroblù also the brand Le Bourget;
- containment of the inventory, for one percentage point per year for two years.

C. Stabilization of the sales, balance the forecast reduction of the tights market with
- the launch of innovative products within the tights market;
- the growth of the diversified sales;
- a more efficient presence in the Russian market with the on-site packaging project;
- an increase in advertising investments, which are a fundamental instrument for the development of the business: advertising, which today represents approximately 30% of the promotional-advertising budget, to reach half of the total budget, which will in any case be contained within 10% of the sales.

Results expected from the three-year plan

The combined effects of lower costs and greater margins, deriving from the above actions, on stabilized sales, will place the company in a position to achieved, as announced
- economic equilibrium before taxes and extraordinary items in 2004;
- a net profit, after taxes in 2005;
- an appreciable profitability in 2006.

Ceresara, September 25, 2003

Chairman of the Board of Directors

Attachments:
1. Reclassified income statement
2. Reclassified balance sheet

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	Period at 30 June 2003 CONSOLIDATED	Period at 30 June 2002 CONSOLIDATED	31 December 2002 CONSOLIDATED
Net sales	64,667	74,990	158,917
Income from royalties	321	363	602
NET REVENUES	**64,988**	**75,353**	159,519
COST OF SALES			
Purchases	22,684	31,543	55,252
Labour cost	9,648	10,491	19,443
Services	7,426	7,620	14,516
Depreciation and amortisation	3,459	3,777	7,472
Other costs	3,666	4,006	7,299
(Increase) decrease in inventories	(3,522)	(10,513)	(4,277)
	43,361	**46,924**	**99,705**
GROSS PROFIT	**21,627**	**28,429**	**59,814**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
Labour cost	7,067	7,591	14,316
Advertising expenses	8,385	6,366	18,551
Commissions (**)	1,756	1,820	3,022
Depreciation and amortisation	2,131	2,325	4,642
Other expenses (**)	6,001	6,757	14,316
	25,340	**24,859**	**54,847**
OPERATING PROFIT	**(3,713)**	**3,570**	**4,967**
Net Financial charges (income)	1,903	1,978	3,958
Writedown (writeup) of investments	0	0	0
Net other (income) and charges	685	(155)	1,864
	2,588	**1,823**	**5,822**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**(6,301)**	**1,747**	**(855)**
Extraordinary charges and (income)	1,143	695	466
PROFIT (LOSS) BEFORE INCOME TAXES	**(7,444)**	**1,052**	**(1,321)**
Income taxes (*)	0	0	(2,810)
NET PROFIT (LOSS) FOR THE PERIOD	**(7,444)**	**1,052**	**(4,131)**
Minority interests	55	(125)	(88)
NET PROFIT (LOSS) FOR THE GROUP	**(7,389)**	**927**	**(4,219)**

(*) The figures at 30 June do not include income taxes.

(**) Figures at 30 June 2002 have been reclassified for an amount of 315,000 Euro in order to make them comparable to the figures at 30 June 2003

Reclassified Consolidated Balance Sheet - Assets

(figures in thousands of Euro)

	30 June 2003 CONSOLIDATED	31 December 2002 CONSOLIDATED	30 June2002 CONSOLIDATED
CURRENT ASSETS			
Cash and banks	1,389	777	3,139
Trade receivables	40,602	63,727	46,190
Trade receivables due from subsidiary and associated companies	100	100	235
Other receivables	4,484	5,296	6,563
Inventories	60,986	58,038	64,486
Accrued income and prepaid expenses	411	615	492
Own shares	2,988	3,774	6,007
TOTAL CURRENT ASSETS	**110,960**	**132,327**	**127,112**
FIXED ASSETS			
Financial fixed assets:			
Financial receivables	311	332	459
Equity investments	10	11	110
Total financial fixed assets	**321**	**343**	**569**
Tangible fixed assets	42,169	45,740	47,735
Intangible fixed assets	15,884	16,942	18,558
TOTAL FIXED ASSETS	**58,374**	**63,025**	**66,862**
TOTAL ASSETS	**169,334**	**195,352**	**193,974**

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity

(figures in thousands of Euro)

	30 June 2003 CONSOLIDATED	31 December 2002 CONSOLIDATED	30 June2002 CONSOLIDATED
CURRENT LIABILITIES			
Short-term bank borrowings	45,471	54,741	41,698
Current portion of medium/long term debt	15,035	12,805	13,703
Trade payables due to third parties	31,042	35,614	40,373
Trade payables due to subsidiary/associated companies	0	0	6
Taxes payable	790	2,161	1,749
Other payables	6,774	4,960	7,392
Accrued liabilities and deferred income	191	654	257
TOTAL CURRENT LIABILITIES	**99,303**	**110,935**	**105,178**
MEDIUM/LONG-TERM LIABILITIES			
Medium/long-term debt, net of the current portion	10,612	16,918	17,271
Severance indemnities	7,023	6,796	6,416
Other provisions	5,404	4,845	4,007
TOTAL MEDIUM/LONG-TERM LIABILITIES	**23,039**	**28,559**	**27,694**
TOTAL LIABILITIES	**122,342**	**139,494**	**132,872**
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,304	**1,528**	1,555
SHAREHOLDERS' EQUITY			
Share capital	12,740	12,740	12,740
Legal reserve	1,359	1,365	1,365
Share premium reserve	18,076	18,076	18,076
Other reserves	20,902	26,368	26,439
Net profit (loss) for the period (*)	(7,389)	(4,219)	927
TOTAL SHAREHOLDERS' EQUITY	**45,688**	**54,330**	**59,547**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**169,334**	**195,352**	**193,974**

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

CSP GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2003

(FIGURES IN THOUSANDS OF EURO)

BALANCE SHEET	30.06.2003	31.12.2002	30.06.2002
ASSETS:			
A) RECEIVABLES FROM SHAREHOLDERS:	0	0	0
B) FIXED ASSETS			
I. Intangible fixed assets			
	87	0	0
3. industrial patents and intellectual property rights	283	381	652
4. concessions, licences, trade marks and similar rights	1,666	2,181	2,696
5. goodwill	123	148	172
6. intangibles in progress and advances	1,140	668	435
7. others	164	148	179
8. difference arising on consolidation	12,421	13,416	14,424
Total I.	**15,884**	**16,942**	**18,558**
II. Tangible fixed assets			
1. land and buildings	19,170	19,636	19,934
2. plant and machinery	20,157	22,898	24,816
3. industrial and commercial equipment	785	959	1,108
4. other fixed assets	1,905	2,080	1,664
5. construction in progress and advances	152	167	213
Total II.	**42,169**	**45,740**	**47,735**
III. Financial fixed assets			
1. Equity investments in:			
a) subsidiary companies	0	0	98
d) other companies	10	11	12
Total 1.	**10**	**11**	**110**
2. Financial receivables:			
b) from associated companies			
b.a. due within 12 months	32	32	65
3. Other securities	191	224	258
Total III.	**233**	**267**	**433**
TOTAL FIXED ASSETS (B)	**58,286**	**62,949**	**66,726**

CSP GROUP

C)	CURRENT ASSETS					
	I.	Inventories:				
		1.	raw, ancillary and consumable materials	8,072	8,228	9,250
		2.	semi-finished products, work-in-progress	17,026	17,680	19,498
		4.	finished products and goods	35,888	32,130	35,528
		5.	advances	0	0	210
		Total I.		**60,986**	**58,038**	**64,486**
	II.	Receivables:				
		1.	trade accounts:			
			1.a. due within 12 months	40,602	63,727	46,190
		3.	associated companies			
			3.a. due within 12 months	100	100	235
		5.	others:			
			5.a. due within 12 months	4,484	5,296	6,564
			5.b. due beyond 12 months	88	76	135
			Total 5.	**4,572**	**5,372**	**6,699**
		Total II.		**45,274**	**69,199**	**53,124**
	III.	Current financial assets				
		5.	own shares	2,988	3,774	6,007
		Total III.		**2,988**	**3,774**	**6,007**
	IV.	Liquid funds:				
		1.	cash at banks and post offices	1,261	571	3,053
		2.	cheques	66	131	50
		3.	cash and equivalents on hand	62	75	36
		Total IV.		**1,389**	**777**	**3,139**
	TOTAL CURRENT ASSETS (C)			**110,637**	**131,788**	**126,756**
D.	ACCRUED INCOME AND PREPAYMENTS			**411**	**615**	**492**
TOTAL ASSETS				**169,334**	**195,352**	**193,974**

CSP GROUP

LIABILITIES	30.06.2003	31.12.2002	30.06.2002
A) SHAREHOLDERS' EQUITY:			
I. Share capital	12,740	12,740	12,740
II. Share premium reserve	18,076	18,076	18,076
III. Revaluation reserves	13,023	13,023	13,023
IV. Legal reserve	1,359	1,364	1,364
V. Reserve for own shares in portfolio	2,988	3,774	6,007
VI. Statutory reserves	454	494	131
VII. Other reserves:			
a. undistributed profit	7,460	5,776	4,592
b. capital grants reserve	206	206	206
total VII.	**7,666**	**5,982**	**4,798**
VIII. Profit carried forward	(3,229)	3,097	2,481
IX. Net profit (loss) for the year	(7,389)	(4,219)	927
TOTAL SHAREHOLDERS' EQUITY (A)	**45,688**	**54,331**	**59,547**
MINORITY INTERESTS IN CAPITAL AND RESERVES	**1,304**	**1,528**	**1,555**
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES:			
1. pensions and similar commitments	625	625	625
2. taxation	2,363	2,562	1,886
3. other	2,416	1,657	1,496
TOTAL RESERVES FOR CONTINGENCIES AND OTHER CHARGES (B)	**5,404**	**4,844**	**4,007**
C) RESERVE FOR SEVERANCE INDEMNITIES	**7,023**	**6,796**	**6,416**
D) PAYABLES:			
3. banks:			
a. due within 12 months	60,506	67,546	55,401
b. due beyond 12 months	10,612	16,918	17,271
Total 3.	**71,118**	**84,464**	**72,672**
5. advances			
a. due within 12 months	265	41	0
6. trade accounts:			
a. due within 12 months	31,042	35,614	40,373
11. taxes payable:			
a. due within 12 months	790	2,161	1,749
12. social security institutions			
a. due within 12 months	1,447	2,005	1,715
13. other payables:			
a. due within 12 months	5,062	2,913	5,677
TOTAL PAYABLES (D)	**109,724**	**127,198**	**122,192**

CSP GROUP

E) ACCRUED LIABILITIES AND DEFERRED INCOME	**191**	**655**	**257**
TOTAL LIABILITIES	**169,334**	**195,352**	**193,974**

(*) The figures at 30 June do not include income taxes.

MEMORANDUM ACCOUNTS	**30.06.2003**	**31.12.2002**	**30.06.2002**
- Sureties in favor of third parties	13,953	13,117	12,620
- Commitments for the purchase of goods	748	602	1,197
- Guarantee given to third parties	6,249	21,308	5,577
- Third party assets	138	8	32
-Total	**21,088**	**35,035**	**19,426**

CSP GROUP

STATEMENT OF INCOME			1st half 2003	1st half 2002	2002
A)	PRODUCTION VALUE				
	1.	Revenues from sale of goods and services	66,052	77,321	162,669
	2.	Changes in inventories of work-in-progress, semi-finished and finished products	3,710	10,522	5,316
	4.	Additions to fixed assets by internal production	0	0	5
	5.	Other income:			
		a. other income	837	751	1,427
		b. operating grants	0	0	0
	TOTAL PRODUCTION VALUE (A)		**70,599**	**88,594**	**169,417**
B)	PRODUCTION COSTS				
	6.	Raw, ancillary and consumable materials and goods	24,028	33,807	58,926
	7.	Services	26,264	25,109	54,953
	8.	Use of third party assets	415	450	859
	9.	Labour costs:			
		a. wages and salaries	11,339	12,492	23,139
		b. social security contributions	4,629	4,805	9,067
		c. severance indemnities	620	668	1,293
		e. other costs	1	3	24
		Total 9.	**16,589**	**17,968**	**33,523**
	10.	Depreciation, amortisation and writedowns:			
		a. amortisation of intangible fixed assets	1,737	1,907	3,816
		b. depreciation of tangible fixed assets	3,853	4,195	8,298
		c. other writedowns of fixed assets	18	16	40
		d. writedown of doubtful accounts included in current assets and of liquid funds	184	411	727
		Total 10.	**5,792**	**6,529**	**12,881**
	11.	Changes in inventories of raw, ancillary and consumable materials and goods	188	9	1,038
	12.	Provisions for contingencies and other charges	52	48	105
	14.	Other operating expenses	1,006	1,122	2,165
	TOTAL PRODUCTION COSTS (B)		**74,334**	**85,042**	**164,450**
	DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COST		**(3,735)**	**3,552**	**4,967**
C)	FINANCIAL INCOME AND (CHARGES)				
	16.	Other financial income:			
		c. income from securities held as current assets not representing equity investments	0	0	31
		d. other than above:			
		d. from third parties	199	445	409
		Total 16.	**199**	**445**	**440**

	17.	Interest and other financial charges:				
		d.	from third parties	(1,854)	(2,274)	(4,056)
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)			**(1,655)**	**(1,829)**	**(3,616)**
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:					
	19.	Writedowns:				
		c.	of securities booked under current assets not held as equity investments	(786)	0	(2,233)
				(142)	0	(80)
		Total 19.		**(928)**	**0**	**(2,313)**
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)			**(928)**	**0**	**(2,313)**
E)	NON-RECURRING INCOME AND CHARGES:					
	20.	Non-recurring income				
		b. other non-recurring income		110	67	455
	21.	Non-recurring charges:				
		c.	other non-recurring charges	(1,234)	(738)	(814)
	TOTAL NON-RECURRING INCOME AND (CHARGES) (E)			**(1,124)**	**(671)**	**(359)**
	PROFIT BEFORE TAXES (A-B+/-C+/-D+/-E)			**(7,442)**	**1,052**	**(1,321)**
	22.	Income taxes for the year		**(*)**	**(*)**	**(2,810)**
		26.	NET PROFIT FOR THE YEAR	**(7,442)**	**1,052**	**(4,131)**
	(PROFIT) LOSS FOR THE YEAR ATTRIBUTABLE TO MINORITY IN			**53**	**(125)**	**(88)**
			NET PROFIT FOR THE YEAR ATTRIBUTABLE TO TH	**(7,389)**	**927**	**(4,219)**

(*) The figures at 30 June do not include income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The first six-month interim financial statements for 2003 have been prepared using the formats established by articles 2424 and 2425 of the civil code. The notes thereto have been drawn up in compliance with CONSOB resolution No. 11971 of May 14, 1999 and subsequent legislation.
The attached financial statements have been presented on a comparative basis with June 30, 2002 and December 31, 2002.
All of the amounts in the explanatory notes are expressed in thousands of Euro.

FORM AND CONTENT OF THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

The six-month interim consolidated financial statements are comprised of the consolidated balance sheet, the consolidated statement of income, and the explanatory notes thereto, and are accompanied by the Director' report on the operations of the Group.
The accounting principles used for the preparation of the financial statements as of June 30, 2003 are the same as those adopted for the financial statements as of December 31, 2002.
These financial statements have been adjusted, where necessary, in order to eliminate any adjustments made solely for fiscal purposes (accelerated depreciation) and to align them with the accounting policies as per article 2426 of the Italian Civil Code, consistently applied throughout the Group, as interpreted and supplemented by the accounting principles recommended by the Italian Accounting Profession or, in the absence thereof, by the International Accounting Standards Committee (IASC), assimilated in Italy by CONSOB.
A reconciliation between shareholders' equity and the net result as of June 30, 2003 reported in the financial statements of CSP International Industria Calze S.p.A. and the consolidated amounts at the same date, has been presented in the commentary on consolidated shareholders' equity.

CONSOLIDATION AREA

The consolidated financial statements as of June 30, 2003 include the line-by-line consolidation of the Parent Company's financial statements at that date and those of the following companies in which the Group directly or indirectly holds the majority of the voting rights:

Name	Registered office	Share capital	% of control	% total held
CSP International Industria Calze SpA	Via Piubega, 5/c 46040 Ceresara (MN)	Euro 12,740,000	Parent Company	
Le Bourget S.A.	Rue J.P. Saltiel- 02230- Fresnoy Le Grand (F)	Euro 1,531,856	99.97%	99.97%
BO.MO. Srl (1)	Via San Martino 8/12 Fraz. Borgo Poncarale 25020 Poncarale (BS)	Euro 93,600	60%	60%
Sanpellegrino-Poska Sp.z o.o.	Ul. Lodska, 27 95-050 Konstantynow (Lodz) (PL)	Zloty 9,006,400	50%	50%

(1) Owned by Le Bourget S.A.

On January 22, 2003 the merger by incorporation was completed of the company Lepel S.r.l., a 100% subsidiary, into CSP International Industria Calze S.p.A. in accordance with the provisions of article 2504 of the Civil Code. For accounting and fiscal purposes the effective date of the merger has retrospective effect on January 1, 2003.
In addition, the consolidation area changed compared to December 31, 2002 as a consequence of the liquidation of Le Bourget Benelux, a company held by Le Bourget S.A.

CONSOLIDATION PRINCIPLES

The consolidation principles used for the six-month interim financial statements are the same as those adopted for the consolidated financial statements as of December 31, 2002.
The exchange rates used to translate the financial statements of the Polish subsidiary are as follows:

Currency	Average	Period-end
Polish Zloty	4.2729	4.4775

ACCOUNTING PLOICIES

The accounting principles used for the preparation of the balance sheet and statement of income as of June 30, 2003 are the same as those adopted for the consolidated financial statements as of December 31, 2002, with the exception of the following:
Income taxes for the period: the six month interim financial statements do not include any provision for income taxes, nor deferred tax assets and liabilities as permitted by CONSOB regulations.
These amounts will be provided for at year-end.

OTHER INFORMATIONRMAZIONI

Exceptions allowed under article 2423, paragraph 4 - No exceptions have been made in the application of the accounting principles, as permitted in certain circumstances under article 2423, paragraph 4 of the Civil Code.

BALANCE SHEET

COMMENTS ON THE PRINCIPAL ASSET ACCOUNTS

■ B. FIXED ASSETS

B.I- Intangible assets

The movements in intangible assets in the period are shown below:

Gross value				
	Balance at 01.01.03	Increases 1st half 2003	Other movements. 1st half 2003	Balance at 30.06.03
Set-up and expansion costs	0	97	0	97
Industrial patents and intellectual property rights	4.362	49	0	4.411
Concessions, licences, trade marks& similar rights	10.368	0	0	10.368
Goodwill	246	0	0	246
Construction in progress and advances	668	472	0	1.140
Other	596	51	0	647
Consolidation difference	19.950	10	0	19.960
Total	**36.190**	**679**	**0**	**36.869**

Accumulated amortisation					Net values
	Balance at 01.01.03	Amortisation 1st half 2003	Other movements. 1st half 2003	Balance at 30.06.03	**Balance at 30.06.03**
Set-up and expansion costs	0	(10)		(10)	**87**
Industrial patents and intellectual property rights	(3.980)	(148)	0	(4.128)	**283**
Concessions, licences, trade marks& similar rights	(8.187)	(515)	0	(8.702)	**1.666**
Goodwill	(98)	(25)	0	(123)	**123**
Construction in progress and advances	0	0	0	0	**1.140**
Other	(449)	(34)	0	(483)	**164**
Consolidation difference	(6.534)	(1.005)	0	(7.539)	**12.421**
Total	**(19.248)**	**(1.737)**	**0**	**(20.985)**	**15.884**

The principal additions in the period relate to the advances paid for implementation by the Parent Company of the new integrated IT system based on the SAP platform which began during the previous year and should be completed by the end of 2003, as well as the charges related to the above-mentioned merger operation.
Intangible fixed assets at June 30, 2003 include 1,658 thousand Euro for the revaluation of the Lepel brand carried out in accordance with Law no. 342/2000 and the consolidation difference arising on the acquisition of the Le Bourget Group (8,606 thousand Euro) and Lepel S.r.l. (3,276 thousand Euro).

The amortisation rates applied are as follows:

	Rate
- Software	33.33%
- Brands	20%
- Consolidation difference	10%
- Set-up and expansion costs	20%
- Goodwill	20%
- Deferred charges	20%

B.II- Tangible fixed assets
Attachment 2 shows the movements, the increases and decreases, in tangible fixed assets.

Gross value					
	Balance at 01.01.03	Additions 1st half 03	Disposals 1st half 03	Other movements. 1st half. 03 (1)	Balance at 30.06.03
Land and buildings	30.669	2	0	(63)	30.608
Plant and machinery	61.706	395	(309)	(171)	61.621
Equipment	12.950	6	(406)	(18)	12.532
Other assets	7.999	340	(387)	(8)	7.944
Construction in progress and advances	167	3	(8)	(10)	152
Total	**113.491**	**746**	**(1.110)**	**(270)**	**112.857**

Accumulated depreciation						Net value
	Balance at 01.01.03	Amort. 1st half 03	Utilisation 1st half 03	Other movements 1st half. 03 (1)	Balance al 30.06.03	**Balance** at **30.06.03**
Land and buildings	(11.033)	(426)	0	21	(11.438)	**19.170**
Plant and machinery	(38.808)	(2.897)	191	50	(41.464)	**20.157**
Equipment	(11.991)	(168)	405	7	(11.747)	**785**
Other assets	(5.919)	(362)	238	4	(6.039)	**1.905**
Construction in progress and advances	0	0	0	0	0	**152**
Total	**(67.751)**	**(3.853)**	**834**	**82**	**(70.688)**	**42.169**

(1) The column comprises reclassifications, revaluations, write-downs and currency differences on the conversion of financial statements in foreign currency

The most significant additions relate to investments made by the Parent Company for the purchase of machinery dedicated to seamless underwear production.

Tangible fixed assets at June 30, 2003 include revaluations made in compliance with specific legislations, as follows:

Land & buildings	2,550
Plant and machinery	15,307
Equipment	59
Other assets	83
Construction in progress and advances	0
Total	**17,999**

The depreciation has been calculated using rates which reflect the residual useful lives of the related assets. The rates applied are as follows:

	Rate
- Buildings	3% - 15%
- Plant and machinery	5% - 17.5%
- Industrial equipment	10% - 25%
- Electronic office machines	15% - 33%
- Office furniture and fittings	10% - 33%
- Vehicles	20% - 25%

The Parent Company has provided assets free of charge to third parties, namely portable PCs and printers on loan to sales representatives for 288 thousand Euro as at 30 June 2003 and furniture held by customers of 125 thousand

Euro and machinery by sub-contractors of 5 thousand Euro.

■ C. CURRENT ASSETS

■ C.I. Inventory

Inventories are comprised of:

	30/06/03	31/12/02	30/06/02
Gross value	65.17	61.22	67.85
Write-down reserve	(4.18	(3.18	(3.37
Net value	**60.98**	**58.03**	**64.48**

The reduction in inventories compared to June 30, 2002, equal to 3,500 thousand of Euro, is principally attributable to the current inventory containment policy.

■ C.II.1. Trade receivables

Trade receivables are comprised of:

	30/06/03	31/12/02	30/06/02
Trade receivables – Italy	26.233	27.288	26.532
Trade receivables - France	1.90	8.77	2.85
Trade receivables - Overseas	7.61	9.12	10.137
Bills subject to collection	10.942	22.460	11.379
Customers - invoices to be issued	480	571	559
Credit notes to be issued	(4.232)	(2.487)	(2.068)
Provision for doubtful debts	(2.347)	(2.005)	(3.199)
Total	**40.602**	**63.727**	**46.190**

The decrease in trade receivables at June 30, 2003 compared to the same period in the previous year is in line with the level of sales in the period.

Trade receivables due from overseas customers do not include any significant exposures towards countries at risk. All amounts are due within 12 months.

The movements during the period in the provision for doubtful debts are as follows:

	01/01/03	Provision	Utilisation	30/06/03
Provision for doubtful debts	2.005	380	(38)	**2.347**

During the period, the provision was increased on the basis of future forecast losses on receivables outstanding at June 30, 2003.

■ C.II.5. Other receivables

The balance includes various receivables comprised as follows:

	30/06/03	31/12/02	30/06/02
VAT credits	1.511	2.404	2.981
Advances on income taxes	1.449	1.039	1.671
Advances to suppliers	275	217	17
Deferred tax assets	1.014	1.014	1.480
Other current receivables	212	601	386
Foreign VAT credits	23	21	29
Total other current receivables	**4.484**	**5.296**	**6.564**
Guarantee deposits	88	76	135
Total other non-current receivables	**88**	**76**	**135**
Total other receivables	**4.572**	**5.372**	**6.699**

Other receivables decreased compared to June 30, 2002 by 2,127 thousand Euro, principally due to the reduction of VAT credits.

■ C.III.5 Treasury shares

As of June 30, 2003, the Parent Company owned 2,358,850 of its own shares, with a par value of Euro 1,226.6 thousand, corresponding to 9.628% of the share capital. In the period under examination no purchase or sales transactions took place of own shares.

At June 30, 2003 a write-down of 786 thousand Euro was made to adjust the value of the shares held in portfolio to

the market value, equal to 1.2668 Euro per share. The investment of liquidity in own shares was authorised by the ordinary shareholders' meeting held on April 30, 2003, with a limit of 10% of the share capital. This authorization is valid for a period of eighteen months and enables the Company to buy and sell shares at prices ranging between Euro 0.30 and Euro 3.00. Against the treasury shares a reserve of a similar amount is recorded in the shareholders' equity.
Due to the recovery of the financial markets after the end of the six-month interim period, the valuation of the treasury shares held in portfolio at the market values at the date of the preparation of the present report would have resulted in a lower write-down of approximately 400 thousand Euro.

■ C.IV. Liquid funds

They represent cash on hand and in bank current accounts June 30, 2003.

■ D. PREPAYMENT AND ACCRUED INCOME

The account is made up of:

	30/06/03	31/12/02	30/06/02
Prepaid insurance	150	0	124
Prepaid television advertising	132	265	0
Prepayments	82	138	343
Other	47	212	25
Total	**411**	**615**	**492**

COMMENTSON THE PRINCIPAL LIABILITY ACCOUNTS

■ A. SHAREHOLDERS' EQUITY

The principal changes in the period relate to the dividend distribution of the Parent Company for 1,107 thousand Euro, to the result for the period and the foreign exchange differences on the conversion of the financial statements of the Polish subsidiary.
Attachment no. 1 shows the details of the changes.

■ Reconciliation between statutory and consolidated financial statements
A reconciliation between the net profit and shareholders' equity recorded in the statutory financial statements of the Parent Company CSP International Industria Calze S.p.A. and the corresponding consolidated amounts is shown below:

	Result 1st half 2003	Shareholders' equity 30.06.2003	Result 1st half 2002	Shareholders' equity 30.12.2002
As per the financial statements of the Parent Company (*)	**(3.823)**	**51.590**	**(1.854)**	**56.520**
Increase (Decrease)				
Difference between the equity of consolidated subsidiaries carried at cost in the Parent Company's financial statements and the respective book values of the investments, net of amortisation of the consolidation differences	(3.545)	(5.993)	(2.767)	(5.156)
Reversal of the excess merger deficit compared to the consolidation difference	190	(2.665)		
Elimination of adjustments of a fiscal nature (mainly accelerated depreciation))	113	4.017	724	3.904
Other consolidation adjustments	(324)	(1.261)	(322)	(937)
As per the consolidated financial statements (*)	**(7.389)**	**45.688**	**(4.219)**	**54.331**

(*) the results of the six-month interim accounts to June 30, 2003 do not include income taxes

■ B. RESERVE FOR CONTINGENCIES AND CHARGES

The changes in this account are shown below:

	01/01/03	Provision	Utilisation	30/06/03
Reserve for pensions and similar	**625**	**0**	**0**	**625**
Taxation reserve	**2.562**	**0**	**(199)**	**2.363**
Others :				
- Exchange fluctuation reserve	8	0	0	8
-Reserve for future contingencies	223	8	(16)	215
-Agents' supplementary indemnity reserve.	914	103	(31)	986
-Restructuring reserve	0	1.000	0	1.000
-Other provisions	512	114	(419)	207
Total other	**1.657**	**1.225**	**(466)**	**2.416**
Total reserves for contingencies and charges	**4.844**	**1.225**	**(665)**	**5.404**

The most significant provision made in the first six months of 2003 relates to the provision of 1,000 thousand Euro made by the Company Le Bourget in relation to the "Social Plan" which will result in the reduction in the workforce of 63 employees in the French factory.

C. EMPLOYEE LEAVING INDEMNITY

The change in the period was as follows:

	01/01/03	Provision	Utilisation	30/06/03
- Employee leaving indemnity	**6.796**	**571**	**(344)**	**7.023**

D. PAYABLE

D.3. Payables to banks

Indebtedness to banks at June 30, 2003 amounts to 71,118 thousand Euro.

The breakdown of amounts due to banks by repayment period is as follows:

	30/06/03	31/12/02	30/06/02
Current payables	45.471	54.541	41.559
Loans			
- due within 1 year	15.035	13.005	13.842
- due from 1 to 5 years	10.612	16.918	17.271
- due over 5 years	0	0	0
Total	**71.118**	**84.464**	**72.672**

The indebtedness to credit institutions at June 30, 2003, taking into consideration the liquid funds, is substantially in line with the same period in the previous year.

D.6. Trade payables

Trade payables reduced by 9,331 thousand Euro compared to the first six months of 2002 due to factors relating to the timing of purchases and the implementation of the above-mentioned inventory reduction policy.

D.11. Taxes payable

The account, equal to 790 thousand Euro, is prevalently comprised of employee retention contributions (417 thousand Euro) and reduced by 959 thousand Euro compared to June 30, 2002 principally due to the payment by the Parent Company of the third and final instalment of the substitute tax on asset revaluations (Law 342 of 21.11.2000).

D.12. Payments to social security institutions t

The account, equal to 1,447 thousand Euro, principally relates to the social security contributions for employees (1,380 thousand Euro).

D.13 Other payables

They are comprised of:

	30/06/03	31/12/02	30/06/02
Payable to employees	4.314	2.236	4.888
Other payables	748	677	789
Total	**5.062**	**2.913**	**5.677**

E. ACCRUED LIABILITIES AND DEFERRED INCOME

The account, equal to 191 thousand Euro, relates principally to accrued bank interest payable.

MEMORANDUM ACCOUNTS

Guarantees given to third parties -- The caption relates to guarantees granted to third parties.

Purchase commitments -- At June 30, 2003, there are commitments based on signed contracts for the purchase of tangible fixed assets amounting to Euro 748 thousand. These commitments refer principally to the adoption of a new IT system (hardware and software) and the purchase of machinery.

Guaranteed trade receivables – relates to forms of guarantees given by the French subsidiary to the banking system in relation to loans received.
Third party assets – relates to third party goods for re-packaging and re-dyeing, and goods (men's socks) held in deposit.

INCOME STATEMENT

COMMENTS ON THE PRINCIPAL INCOME STATMENT ACCOUNTS

For a more detailed analysis of the income statement, of the factors that influenced the operations in the period and the important events after the period-end supplementing the current notes, reference should be made to the Directors' report on operations.

■ A. PRODUCTION VALUE

■ A.1. Revenues from sale of goods and services

Revenues are analysed by geographical area and by type of product below:

	1st half 2003	1st half 2002	Year 2002
- Italy:			
-stockings	15.045	16.933	37.414
-seamless underwear	5.972	5.624	11.169
-corsetry	13.725	13.495	24.453
-yarn/other	672	1.606	2.574
- France:			
-stockings	12.940	15.119	40.347
-seamless underwear	915	541	1.445
-yarn/other	140	142	254
- Other Western Europe countries:			
-stockings	5.571	6.102	12.697
-seamless underwear	1.897	1.506	2.685
-corsetry	289	553	1.184
-yarn/other	88	116	212
- Eastern Europe:			
-stockings	5.924	10.932	19.729
-seamless underwear	1.570	2.861	4.988
-corsetry	490	7	260
-yarn/other	36	450	676
- Non-European countries:			
-stockings	612	1.180	2.206
-seamless underwear	99	137	277
-corsetry	60	0	63
-yarn/other	7	17	36
Total	**66.052**	**77.321**	**162.669**
Summary by activity			
-stockings	40.092	50.266	112.393
-seamless underwear	10.453	10.669	20.564
-corsetry	14.564	14.055	25.960
-yarn/other	943	2.331	3.752
Total	**66.052**	**77.321**	**162.669**

Revenues are shown net of returns, discounts and allowances.

Total revenues have reduced by 11,269 thousand Euro compared to the same period in the previous year, almost exclusively relating to stockings, while the sales of seamless underwear and corsetry remain substantially in line with the same period in 2002.

Analysing the sale of stockings by geographic area, the most significant reduction was in Eastern Europe (principally in the Russian market) with a decrease of 5,008 thousand Euro.

A.5.a. Other income

This item is made up as follows:

	1st half 2003	1st half 2002	Year 2002
Transport & production expenses recharged to customers	154	68	120
Advertising contributions	82	82	276
Expenses recharged customers	21	29	54
Royalty income	321	363	602
Gains on disposal of assets	23	85	90
Over provisions and similar	56	122	283
Other	180	2	2
Total	**837**	**751**	**1.427**

B. PRODUCTION COSTS

■ B.6. Costs of raw, ancillary and consumable materials and goods

This item is made up as follows:

	1st half 2003	1st half 2002	Year 2002
Raw materials	20.273	28.434	47.865
Packaging and consumable materials	3.755	5.373	11.061
Total	**24.028**	**33.807**	**58.926**

The decrease in the cost of raw materials compared with the first half of 2002 is mainly the result of the reduction in inventories and in the reduction of volumes sold.

■ B.7. Services

This item is made up as follows:

	1st half 2003	1st half 2002	Year 2002
- Outside contractors	7.304	7.393	14.074
- Advertising	8.548	6.580	19.017
- Agents and merchandising	2.566	3.125	6.199
- Transport	1.968	1.766	3.795
- Power and heating	2.048	2.242	3.984
- Other	3.830	4.003	7.884
Total	**26.264**	**25.109**	**54.953**

The cost for services increased compared to June 30, 2002, in particular in relation to greater advertising investments in 2003 following a different scheduling campaign in support of the brands. For the full year these investments will be in line with previous years.

There was also a reduction in costs relating to agents (559 thousand Euro) correlated to the sales performance.

■ B.9. Labour costs

This caption includes all the costs incurred on an on-going basis which directly concern employees, as detailed in the income statement.

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

	01/01/03	New recruits	Leaving	30/06/03	Average
- Senior Managers	15	0	(1)	14	14
- Managers	51	1	0	52	52
- White collar	359	7	(29)	337	348
- Blue collar	934	14	(50)	898	916
Total	**1.359**	**22**	**(80)**	**1.301**	**1.330**

The new recruits and leavers categories also include internal promotions.

B.10. Amortisation, depreciation and write-downs

They are comprised of:

■ **a. amortisation of intangible assets**

	1st half 2003	1st half 2002	Year 2002
- Software	148	323	644
- Goodwill	25	25	49
- Set-up and expansion costs	10	0	0
- Deferred charges	24	25	54
- Brands	515	517	1.032
- Consolidation differences	1.005	1.005	2.014
- Other	10	12	23
Total	**1.737**	**1.907**	**3.816**

■ **b. Depreciation of tangible fixed assets**

	1st half 2003	1st half 2002	Year 2002
- Buildings and light constructions	426	480	842
- Plant/machinery	2.897	3.131	6.286
- Equipment	168	228	438
- Furniture, office machines.	97	102	209
- Electronic office machines.	161	117	281
- Cars	64	80	134
- Vehicles	29	42	66
- Minor assets.	11	15	42
Total	**3.853**	**4.195**	**8.298**

■ **d. Write-down of receivables**

The item "Write-down of receivables and liquid funds" consists of the provision required to adjust the value of receivables to their estimated realisable value.

■ **B.12. Provision for contingencies and charges**

This item relates to the provision for the agents' supplementary indemnity maturing in the period.

■ **B.14. Other operating expenses**

This item is made up as follows:

	1st half 2003	1st half 2002	Year 2002
- Entertaining	48	69	155
- Membership fees	81	90	194
- Stationery & other materials	132	128	266
- Non deductible VAT on gifts	20	19	43
- Taxes and duties	554	634	1.160
- Losses on the sale of assets	77	82	86
- General expenses	57	37	113
- Other charges	37	63	148
Total	**1.006**	**1.122**	**2.165**

C. FINANCIAL INCOME ANDF CHARGES

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

This item is made up as follows:

	1st half 2003	1st half 2002	Year 2002
- Interest on current accounts	5	16	19
- Interest from customers	3	11	19
- Exchange gains	31	375	134
- Other interest income	153	10	237
- Gains on disposal of securities	0	31	0
- Discounts & rounding	7	2	0
Total	**199**	**445**	**409**

The item 'other interest income' includes (142 thousand Euro) the interest calculated on overdue receivables at June 30, 2003 (as per Law 231 of October 9, 2002), while the corresponding write-down of a similar amount was recorded in the account ' write-down of financial receivables'.

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

This item is made up as follows:

	1st half 2003	1st half 2002	Year 2002
- Interest on current accounts	549	393	705
- Interest on borrowings	410	397	1.082
- Interest on loans	502	730	1.381
- Other interest and charges	264	343	707
- Provision for exchange fluctuations	0	35	8
- Exchange losses	129	376	173
Total	**1.854**	**2.274**	**4.056**

The interest charges in the first half of 2003 are substantially in line with those corresponding to the same period in the previous year, in line with the average indebtedness in the period.

The most significant changes compared to the first half of 2002 are the exchange gains and losses principally relating to the consolidation of the Company Sanpellegrino Polska.

D.19.c. Write-down of securities recorded under current assets and not representing equity investments

The amount of this write-down relates to the treasury shares of the Parent Company held in portfolio, as better described in the account item 'C III 5.' in the balance sheet.

E.21.c. Extraordinary charges

The account relates principally to the provisions made by the Company Le Bourget in relation to the implementation of the restructuring plan which will result in the reduction of 63 employees in France (1,000 thousand Euro) and the liquidation of the Company Le Bourget Benelux (180 thousand Euro).

Ceresara, September 25, 2003

The Chairman of 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 changes in shareholders' equity for the period ended June 30, 2003
2. - Cash flow statement as at June 30, 2003

CSP GROUP

Attachment n. 1

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 30 JUNE 2003

(in thousands of Euro)

Description	Share capital	Share premium	Reserve for own shares	Revaluation reserves	Legal reserve	Other reserves	Net profit (loss) for the year	Total share-holders' equity
Balances at 1 January 2002	12,740	18,076	3,774	13,023	1,364	9,573	(4,219)	54,331
Coverage of of 2002 loss								
- Allocation to "profit carried forward"						(4,219)	4,219	-
- Dividends						(1,107)		(1,107)
Decrease in reserve for own shares			(786)			786		-
Exchange differences						(152)		(152)
Other changes					(5)	10		5
Net profit (loss) as at 30 June 2003							(7,389)	(7,389)
Balances at 30 June 2003	**12,740**	**18,076**	**2,988**	**13,023**	**1,359**	**4,891**	**(7,389)**	**45,688**

(*) The figures at 30 June 2003 do not include income taxes.

CSP GROUP

STATEMENT OF CONSOLIDATED CASH FLOW

(in thousands of Euro)

		30 June 2002	31 December 2002
A.	**OPENING NET FINANCIAL POSITION**	**(66,769)**	**(57,771)**
B.	**CASH FLOWS FROM (FOR) OPERATING ACTIVITIES**		
	Net profit (loss) for the year	(7,389)	(4,219)
	Depreciation, amortization and writedowns	5,590	12,114
	Net change in severance indemnities for employees and agents	299	773
	Net change in allowances for risks and charges	488	421
	Cash flows from operating activities before changes in working capital	***(1,012)***	***9,089***
	(Increase) decrease in trade receivables	23,125	2,218
	(Increase) decrease in inventories	(2,948)	(3,772)
	Increase (decrease) in trade and other payables	(4,592)	(3,803)
	Increase (decrease) in own shares	786	1,605
	Changes in other working capital items	1,004	(1,088)
	Total changes in working capital	***17,375***	***(4,840)***
		16,363	**4,249**
C.	**CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES**		
	(Purchase) disposal of fixed assets:		
	Intangible	(679)	(1,043)
	Tangible	(282)	(4,437)
	Financial	34	203
		(927)	**(5,277)**
D.	**CASH FLOWS FROM (FOR) FINANCING ACTIVITIES**		
	New loans net of the current portion of loans transferred to current payables	(6,306)	(6,439)
	Dividends paid	(1,107)	(1,108)
	Other changes in shareholders' equity, and changes in minority interests	(371)	(423)
		(7,784)	**(7,970)**
E.	**TOTAL CASH FLOWS FOR THE YEAR (B+C+D)**	**7,652**	**(8,998)**
F.	**CLOSING NET FINANCIAL POSITION (A+E)**	**(59,117)**	**(66,769)**

HALF YEAR
FINANCIAL STATEMENTS
OF THE PARENT COMPANY

AS AT

30 JUNE 2003

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

CSP S.p.A.

CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.

FINANCIAL STATEMENTS

(FIGURES IN THOUSANDS OF EURO)

BALANCE SHEET	30.06.2003 (#)	31.12.2002	30.06.2002
ASSETS:			
A) RECEIVABLES FROM SHAREHOLDERS:	0	0	0
B) FIXED ASSETS			
I. Intangible fixed assets			
	87	0	0
3. industrial patents and intellectual property rights	265	358	625
4. concessions, licences, trade marks and similar rights	1,658	0	0
5. goodwill	6,065	148	172
6. difference arising on consolidation	1,140	668	435
7. others	164	147	173
Total I.	**9,379**	**1,321**	**1,405**
II. Tangible fixed assets			
1. land and buildings	16,929	15,782	16,029
2. plant and machinery	14,813	17,417	19,800
3. industrial and commercial equipment	162	249	301
4. other fixed assets	825	811	648
5. construction in progress and advances	68	68	89
Total II.	**32,797**	**34,327**	**36,867**
III. Financial fixed assets			
1. Equity investments in:			
a) subsidiary companies	14,425	35,456	35,456
d) other companies	4	3	3
Total 1.	**14,429**	**35,459**	**35,459**
2. Financial receivables:			
b) from associated companies			
b.a. due within 12 months	32	32	65
3. Other securities	190	149	176
Total III.	**14,651**	**35,640**	**35,700**
TOTAL FIXED ASSETS (B)	**56,827**	**71,288**	**73,972**
C) CURRENT ASSETS			
I. Inventories:			
1. raw, ancillary and consumable materials	7,133	4,962	5,470
2. semi-finished products, work-in-progress	12,220	13,831	14,527
4. finished products and goods	22,862	17,900	21,223
Total I.	**42,215**	**36,693**	**41,220**
II. Receivables:			
1. trade accounts:			
1.a. due within 12 months	34,329	32,215	30,200
2. subsidiary companies			
2.a. due within 12 months	8,821	8,916	9,277
3. associated companies			
3.a. due within 12 months	100	100	235
5. others:			
5.a. due within 12 months	3,706	3,041	4,413
5.b. due beyond 12 months	26	6	30
Total 5.	**3,732**	**3,047**	**4,443**
Total II.	**46,982**	**44,278**	**44,155**
III. Current financial assets			
5. own shares	2,988	3,774	6,007
Total III.	**2,988**	**3,774**	**6,007**
IV. Liquid funds:			
1. cash at banks and post offices	1,097	256	4
3. cash and equivalents on hand	22	24	12
Total IV.	**1,119**	**280**	**16**
TOTAL CURRENT ASSETS (C)	**93,304**	**85,025**	**91,398**
D. ACCRUED INCOME AND PREPAYMENTS	**306**	**296**	**131**
TOTAL ASSETS	**150,437**	**156,609**	**165,501**

CSP S.p.A.

LIABILITIES				30.06.2003 (#)	31.12.2002	30.06.2002
A)	SHAREHOLDERS' EQUITY:					
	I.	Share capital		12,740	12,740	12,740
	II.	Share premium reserve		18,076	18,076	18,076
	III.	Revaluation reserves		13,023	13,023	13,023
	IV.	Legal reserve		1,359	1,359	1,359
	V.	Reserve for own shares in portfolio		2,988	3,774	6,007
	VI.	Statutory reserves		0	0	0
	VII.	Other reserves:				
		a.	undistributed profit	7,021	9,196	6,963
		b.	capital grants reserve	206	206	206
		total VII.		**7,227**	**9,402**	**7,169**
	VIII.	Profit carried forward		0	0	0
	IX.	Net profit (loss) for the year		(3,823)	(1,854)	4,257
	TOTAL SHAREHOLDERS' EQUITY (A)			**51,590**	**56,520**	**62,631**
B)	RESERVES FOR CONTINGENCIES AND OTHER CHARGES:					
	2.	taxation		260	253	283
	3.	other		991	694	872
	TOTAL RESERVES FOR CONTINGENCIES AND OTHER CHARGES (B)			**1,251**	**947**	**1,155**
C)	RESERVE FOR SEVERANCE INDEMNITIES			**6,813**	**5,253**	**4,942**
D)	PAYABLES:					
	3.	banks:				
		a.	due within 12 months	50,508	49,683	46,861
		b.	due beyond 12 months	8,361	13,582	13,786
		Total 3.		**58,869**	**63,265**	**60,647**
	6.	trade accounts:				
		a.	due within 12 months	27,151	24,738	28,710
	8.	subsidiary companies				
		a.	importi esigibili entro 12m	542	2,247	2,607
	9.	associated companies				
		a.	due within 12 months	0	0	6
	11.	taxes payable:				
		a.	due within 12 months	553	1,732	1,578
	12.	social security institutions				
		a.	due within 12 months	598	720	487
	13.	other payables:				
		a.	due within 12 months	2,975	648	2,603
	TOTAL PAYABLES (D)			**90,688**	**93,350**	**96,638**
E)	ACCRUED LIABILITIES AND DEFERRED INCOME			**95**	**539**	**135**
TOTAL LIABILITIES				**150,437**	**156,609**	**165,501**

(*) The figures at 30 June do not include income taxes.

MEMORANDUM ACCOUNTS	30.06.2003 (#)	31.12.2002	30.06.2002
- Sureties in favor of third parties	13,953	13,117	12,620
- Commitments for the purchase of goods	748	602	1,197
- Third party assets	138	8	32
- Total	**14,839**	**13,727**	**13,849**

CSP S.p.A.

STATEMENT OF INCOME			1st half 2003 (#)	1st half 2002	2002
A)	PRODUCTION VALUE				
	1.	Revenues from sale of goods and services	62,500	57,286	114,277
	2.	Changes in inventories of work-in-progress, semi-finished and finished products	(2,675)	6,249	2,231
	5.	Other income:			
		a. other income	792	615	1,595
	TOTAL PRODUCTION VALUE (A)		**60,617**	**64,150**	**118,103**
B)	PRODUCTION COSTS				
	6.	Raw, ancillary and consumable materials and goods	23,182	28,266	50,439
	7.	Services	22,177	14,574	33,752
	8.	Use of third party assets	114	43	66
	9.	Labour costs:			
		a. wages and salaries	7,768	6,646	12,394
		b. social security contributions	2,609	2,217	4,089
		c. severance indemnities	611	511	1,043
		e. other costs	1	0	20
		Total 9.	**10,989**	**9,374**	**17,546**
	10.	Depreciation, amortisation and writedowns:			
		a. amortisation of intangible fixed assets	1,136	361	739
		b. depreciation of tangible fixed assets	3,899	3,929	7,865
		d. writedown of doubtful accounts included in current assets and of liquid funds	161	278	593
		Total 10.	**5,196**	**4,568**	**9,197**
	11.	Changes in inventories of raw, ancillary and consumable materials and goods	137	1,217	1,725
	12.	Provisions for contingencies and other charges	52	37	83
	14.	Other operating expenses	431	399	668
	TOTAL PRODUCTION COSTS (B)		**62,278**	**58,478**	**113,476**
	DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (/		**(1,661)**	**5,672**	**4,627**
C)	FINANCIAL INCOME AND (CHARGES)				
	16.	Other financial income:			
		c. income from securities held as current assets not representing equity investments	0	0	31
		d. other than above:			
		d. from third parties	173	67	88
		Total 16.	**173**	**67**	**119**
	17.	Interest and other financial charges:			
		d. from third parties	(1,408)	(1,483)	(2,903)
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)		**(1,235)**	**(1,416)**	**(2,784)**
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:				
	19.	Writedowns:			
		c. of securities booked under current assets not held as equity investments	(786)	0	(2,233)
			(142)	0	(48)
		Total 19.	**(928)**	**0**	**(2,281)**
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)		**(928)**	**0**	**(2,281)**
E)	NON-RECURRING INCOME AND CHARGES:				
	20.	Non-recurring income			
		b. other non-recurring income	1	1	2
	TOTAL NON-RECURRING INCOME AND (CHARGES) (E)		**1**	**1**	**2**
	PROFIT BEFORE TAXES (A-B+/-C+/-D+/-E)		**(3,823)**	**4,257**	**(436)**
	22.	Income taxes for the year	**(*)**	**(*)**	**(1,418)**
		26. NET PROFIT FOR THE YEAR	**(3,823)**	**4,257**	**(1,854)**

(*) The figures at 30 June do not include income taxes.
(#) Figures at 30 June 2003 include figures of Lepel S.r.l, absorbed in CSP with effect from 1st January 2003