



***SEMI-ANNUAL REPORT
FOR THE PERIOD ENDED***

JUNE 30th. 2008

BOARD OF DIRECTORS

Paolo Casaccia.....Chairman

Carlo Casaccia.....Director

Marie-Joséphine Cifatte.....Director

AUDITORS

LUX-AUDIT REVISION Sàrl
A member of Moores Rowland International

257 Route d'Esch
L-1471 Luxembourg

Management Report
Semi-annual accounts as of June 30th 2008

September 15th, 2008

To the shareholders of Basinco Holdings S.A.H.:

This semester performance was substantially weaker than that of the same period a year ago, with profit coming in at € 116 175 compared to € 381 658. This is largely due to currency translation losses on U.S. dollar assets in the portfolio, given the extreme weakness of that currency as of June 30th 2008. We expect some recovery from those levels in the second half of the year since the Euro has begun retreating from its lofty levels this summer.

The debt markets remain in an absolutely unprecedented and extremely distressing turmoil. We are increasingly concerned about counterparty credit and the snowball effect of the crunch which is worsening. Heavy intervention by the central banks has so far proven insufficient to cope with the remarkable stresses inflicted to many financial institutions which are literally on the verge of collapse. The TED spread is still very high and conditions in the money markets are untenable in the medium term for financials and, increasingly, for leveraged operating companies, which are seeing their liquidity positions deteriorate to seriously worrying levels. The financial cancer is spreading and needs to be addressed by decisive action immediately lest the consequences be severe and long lasting.

The main culprits, government – as usual - and the industry with its skewed compensation practices which encouraged excessive risk-taking, need to step up to the plate, clean up and pay for the mess they both created, while, minimizing, insofar as possible, collateral damage to innocent bystanders and the economy as a whole. The results will undoubtedly be a vastly changed landscape, with fewer but better capitalized institutions and hopefully a new compensation culture which will reward risk adjusted returns but only after enough time will have past for each risk to be properly assessed. From a government perspective, the danger will be stealth nationalizations leading to subsequent mismanagement and excessive regulation added on to the already heavy existing burden.

Free market tampering and plain unchecked fraud caused the crisis. No law enforcement officials ever questioned the unscrupulous mortgage bankers who were widely forging papers to make loans to equally dishonest people who knew they could not qualify. The government was asleep at the wheel on its main task, basic law enforcement, while perpetuating a bureaucratic culture which added layers of complexity, kept rates too low too long, and encouraged reprehensible inefficiencies and waste in its midst, notably at Fannie Mae and Freddie Mac.

We are clearly worried and are taking the preventive measures we deem appropriate to reduce the impact on Basinco Holdings S.A.H. We are not immune to system wide bank failures, but are doing our best to diversify in order to limit that risk.

As you know by now, since we have been repeating for the past few years, the 1929 holding company tax regime has been cancelled in Luxembourg and we will have to find an alternative arrangement by December 31st 2010. In addition, at the April 28th, 2008 Extraordinary General Meeting, the Board was authorized to ask for the delisting of Basinco Holdings S.A.H. shares from the Euro MTF market of the Luxembourg Stock Exchange. We expect this to happen by November 15th at the latest, which means that the company will no longer be listed. Finally, we remind you that the repurchase program was renewed and is still in force, should you wish to avail yourself of the possibility to sell your shares.

Please keep in mind that the statements above are forward looking and treat them accordingly. As usual, comments from shareholders are always welcome on investor@basinco.com.

Very truly yours,

Paolo Casaccia

Chairman of the Board of Directors

BALANCE SHEET

As of June 30th. (Unaudited in Euros)

	<i>30 06 2008</i>	<i>30 06 2007</i>
Current Assets		
Prepaid Expenses		
Cash and cash equivalents	2,717,144.03	14,450,779.57
Assets classified as for sale	13,255,949.11	1,255,679.05
Total Current Assets	15,973,093.14	15,706,458.62
TOTAL ASSETS	15,973,093.14	15,706,458.62
EQUITY AND LIABILITIES		
Capital and reserves		
Issued Capital	13,300,000.00	13,300,000.00
Legal reserve	796,844.63	746,499.35
Treasury shares	(359,081.10)	(364,780.80)
Results brought forward	2,085,613.64	1,632,506.12
Profit (loss) for the period	116,174.83	338,248.71
Changes in value recognized directly in equity	5,599.23	14,122.96
Total Capital and Reserves	15,945,151.23	15,666,596.34
Current Liabilities		
Trade and other payables	27,942.00	39,862.28
Total Current Liabilities	27,942.00	39,862.28
TOTAL EQUITY AND LIABILITIES	15,973,093.23	15,706,458.62

INCOME STATEMENT

As of June 30th. (Unaudited in Euros)

	<i>30 06 2008</i>	<i>30 06 2007</i>
Continuing operations		
Investment revenue	231,445.44	381,658.13
Other gains and losses	(88,754.44)	(18,129.42)
Finance costs	(80.97)	(215.07)
Consulting expenses	(16,963.19)	(15,592.93)
Other expenses		
Profit before tax	125,646.83	347,720.71
Tax Expense	(9,472.00)	(9,472.00)
Profit for the period from continuing operations	116,174.83	338,248.71
Earnings per share	30 06 2007	30 06 2007
Number of shares	7,400,000	7,400,000
Earnings per share	0.0157	0.0457

CASH FLOW STATEMENT

As of June 30th. (Unaudited in Euros)	30 06 2008	30 06 2007
Cash flow from operating activities		
Profit for the period	116,174.83	338,248.71
Chge in value corrections on for sale assets	107,397.10	(2,402.02)
Total	223,571.93	335,846.69
Movement in working capital		
(Increase) / Decrease in other assets	3,000.00	-
(Increase) / Decrease in accrued interest	(42,816.00)	-
Increase / (Decrease) in trade and payables	18,857.00	8,477.00
Cash generated from operations	(20,959.00)	8,477.00
Net cash generated from operating activities	202,612.93	344,323.69
Cash flow from investing activities		
Payments to acquire financial assets	(1,280,666.81)	(990,028.47)
Proceeds on sales of financial assets	1,161,299.31	266,863.72
Net cash (used in) /generated by investing activities	(119,367.50)	(723,164.75)
Cash flow from financing activities		
Proceeds from variation on own shares	5,699.70	(27.93)
Net cash used in financing activities	-	(378,868.99)
Net increase in cash and cash equivalents	88,945.13	-
Cash and equivalents at beginning of the period	10,794,065.06	14,829,648.56
Cash and equivalents at the end of the period	10,883,010.19	14,450,779.57

STATEMENT OF CHANGES IN EQUITY

For the year ended on June 30th 2008 (in Euros)

	Share capital	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Profit for the year	Total
Balance at December 31, 2007	13,300,000.00	746,499.35	-	25,327.09	1,632,506.13	503,452.80	15,792,350.39
Allocation AGM		50,345.28			453,107.51	-	-
Valuation treasury shares			5,699.70				5,699.70
Variation amounts recognized directly in equity				30,926.32			30,926.32
Profit for the year						116,174.83	116,174.83
Balance at June 30, 2008	13,300,000.00	796,844.63	-	5,599.23	2,085,613.64	116,174.83	15,945,151.23

BALANCE SHEET

As of December 31st. (in Euros)

ASSETS	2007	2006
Current Assets		
Prepaid Expenses	3,000.00	
Cash and cash equivalents	10,794,065.06	14,829,648.56
Assets classified as for sale	5,004,370.33	517,862.72
Total Current Assets	15,801,435.39	15,347,511.28
TOTAL ASSETS	15,801,435.39	15,347,511.28
EQUITY AND LIABILITIES		
Capital and reserves		
Issued Capital	13,300,000.00	13,300,000.00
Legal reserve	746,499.35	726,193.96
Treasury shares	(364,780.80)	(364,752.87)
Results brought forward	1,632,506.13	1,246,703.66
Profit (loss) for the period	503,452.80	406,107.86
Unrealized gains and losses recognized directly in equity	(25,327.09)	1,873.39
Total Capital and Reserves	15,792,350.39	15,316,126.00
Current Liabilities		
Trade and other payables	9,085.00	31,385.28
Total Current Liabilities	9,085.00	31,385.28
TOTAL EQUITY AND LIABILITIES	15,801,435.39	15,347,511.28

INCOME STATEMENT

For the year ended on December 31st. (in Euros)

	2007	2006
Continuing operations		
Investment revenue	641,776.94	603,930.96
Other gains and losses	11,138.52	5,000.00
Finance costs	(612.70)	(3,879.42)
Consulting expenses	(26,932.73)	(22,661.53)
Other expenses	(111,409.23)	(165,774.16)
Profit before tax	513,960.80	416,615.86
Tax Expense	(10,508.00)	(10,508.00)
Profit for the year from continuing operations	503,452.80	406,107.86
Earnings per share	2007	2006
Number of shares	7,400,000	7,400,000
Earnings per share	0.0680	0.0549

CASH FLOW STATEMENT

For the year ended on December 31st. (in Euros)	2007	2006
Cash flow from operating activities		
Profit for the period	503,452.80	406,107.86
Change in value corrections on for sale assets	12,521.28	(8,389.49)
Total	515,974.08	397,718.37
Movement in working capital		
(Increase) / Decrease in other assets	(3,000.00)	-
(Increase) / Decrease in accrued interest	(98,725.00)	
Increase / (Decrease) in trade and payables	(22,300.28)	7,396.39
Cash generated from operations	(124,025.28)	7,396.39
Net cash generated from operating activities	391,948.80	405,114.76
Cash flow from investing activities		
Payments to acquire financial assets	(4,694,368.09)	
Proceeds on sales of financial assets	266,863.72	21,021.60
Net cash (used in) / generated by investing activities	(4,427,504.37)	21,021.60
Cash flow from financing activities		
Proceeds from variation on own shares	(27.93)	(364,752.87)
Net cash used in financing activities	(4,035,583.50)	
Net increase in cash and cash equivalents	-	
Cash and cash equivalents at the beginning of the period	14,829,648.56	14,768,265.07
Cash and cash equivalents at the end of the period	10,794,065.06	14,829,648.56

STATEMENT OF CHANGES IN EQUITY

For the year ended on December 31st. 2007 (in Euros)

	Share capital	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Profit for the year	TOTAL
Balance at December 31, 2006	13,300,000.00	726,193.96	364,752.87	1,873.39	1,246,703.66	406,107.86	15,316,126.00
Allocation AGM		20,305.39			385,802.47	406,107.86	0.00
Valuation treasury shares			27.93				27.93
Variation amounts recognized directly in equity				27,200.48			27,200.48
Profit for the year						503,452.80	503,452.80
Balance at December 31, 2007	13,300,000.00	746,499.35	364,780.80	25,327.09	1,632,506.13	503,452.80	15,792,350.39

OPINION OF THE AUDITOR ON THE ACCOUNTS AS OF DECEMBER 31ST. 2006

Following our appointment by the General Meeting of the Shareholders dated March 7, 2006, we have audited the accompanying financial statements of BASINCO HOLDINGS S.A.H., which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

The board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the réviseur d'entreprises, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of BASINCO HOLDINGS S.A.H. as of December 31, 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

The management report, which is the responsibility of the board of directors, is in accordance with the financial statements.

Luxembourg, February 15, 2007

OPINION OF THE AUDITOR ON THE ACCOUNTS AS OF DECEMBER 31ST. 2007

Following our appointment by the General Meeting of the Shareholders dated March 6, 2007, we have audited the accompanying financial statements of BASINCO HOLDINGS S.A.H., which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of BASINCO HOLDINGS S.A.H. as of December 31, 2007, and of its financial performance and its cash flows in accordance with International Financial Reporting Standards.

The management report, which is the responsibility of the board of directors, is in accordance with the financial statements.

Luxembourg, February 15, 2008

Basinco Holdings S.A.H.

4 rue Henri Schnadt - Luxembourg - Grand-Duchy of Luxembourg