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BasicNet

THIRD-QUARTER FINANCIAL REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

3Q2010 INTERIM MANAGEMENT REPORT

3Q2010 CONSOLIDATED ACCOUNTS

NOTES TO 3Q2010 CONSOLIDATED ACCOUNTS

THE BASICNET GROUP THIRD-QUARTER FINANCIAL REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 HAS BEEN TRANSLATED INTO THE ENGLISH LANGUAGE FOR THE CONVENIENCE OF INTERNATIONAL READERS.

Capitale Sociale Euro 31.716.673,04 i.v.
R.E.A. 631153 della C.C.I.A.A. di Torino
Numero Registro Imprese Torino
Partita I.V.A. e Codice Fiscale 04413650013

BasicNet S.p.A. BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors

Marco Daniele Boglione	**Chairman**
Daniela Ovazza	**Deputy Chairman** Member of the Remuneration Committee
Franco Spalla	**Managing Director**
	Directors
Paola Bruschi	Member of the Internal Audit Committee
Paolo Cafasso	CFO and Privacy Officer
Giovanni Crespi	Independent Director and Member of the Internal Audit Committee
Alessandro Gabetti Davicini	Member of the Internal Audit Committee
Adriano Marconetto	Independent Director and Member of the Remuneration Committee
Carlo Pavesio	Member of the Remuneration Committee

Board of Statutory Auditors

Massimo Boidi	**Chairman**
Carola Alberti Maurizio Ferrero	**Standing Auditors**
Fabio Pasquini Alessandra Vasconi	**Alternate Auditors**

Independent Auditors

PricewaterhouseCoopers S.p.A.

3Q2010 INTERIM MANAGEMENT REPORT

3Q2010 Group Operational and Financial Key Performance Indicators:

- Licensee Aggregate Sales: Euro 275 million (or +15%)
- Royalty income and sourcing commissions: Euro 24 million (or +25%)
- International market upbeat performance (+23%) driven primarily by Asian markets
- 30 new sales outlets flying Group banners unveiled across the homeland

Working against certain key performance indicators were costs and investing ploughed into supporting business development policy tightly focused around carving out bolder market footprint across the homeland:

(Accounts in Euro/'000)	**September 30, 2010**	**September 30, 2009**	**2010/2009 Change**
Licensee Aggregate Sales	275,377	239,050	**15%**
Direct Turnover	127,366	118,081	**8%**
EBITDA	22,055	24,859	**(11%)**
Operating Result	17,032	20,172	**(16%)**
FOREX gains/(losses)	(651)	561	**(N/A)**
Consolidated Net Result	10,318	14,028	**(26%)**

Analysis of other key financial performance indicators can be found at the foot of the 3Q2010 Interim Management Report.

Echoing meaningful growth over the last nine months to September 30, 20101 were Licensee Aggregate Sales (+15%) and Direct Turnover (+8%), all of which delivered against a macroeconomic backdrop dominated by demand restraints. As developed primarily the licensee BasicItalia S.p.A. and its subsidiaries RdK0 S.r.l. and BasicOutlet S.r.l., direct sales revenue stretched out 5% to reach Euro 103 million.

Against this backdrop, the Group remained focused on carving out a bolder market foothold, with a keen eye steered toward building up the network of shops and stores operating under the Group banner. The shops and stores operating under the Group banner at September 30, 2010 were 174 in number, of which 30 were unveiled over the course of the last nine months. Taken as a whole, sales revenue delivered by Group-banner shops and stores gained 23% headway from the year-earlier period.

For our Group, developing the franchise store concept represents a key driver of growth. Ringed around powerful technological platforms, franchise development is primed toward offering a business-in-the-box opportunity to people with a drive to succeed. A franchise opportunity that enables a shopkeeper to remain more tightly focused on sales, all of which to the benefit of supporting commercial development without having to worry about investing or contending with working capital risk. Indeed, this franchise opportunity is organized around sales outlets with a multi-pronged target tailored to offering a variety of solutions, always one step ahead of evolution, and enabling distribution and industrial resources to merge comfortably, in the pursuit of flexibility and best-practice models.

Expanding the network of shops and stores operating under the Group banner translates initially into investing first and foremost in human resources and enduring bolt-on investing outflows, with full return of investment crystallizing once the commercial activity of the sales outlets enters into full operation.

Continuing, as targeted, to carve out a bolder market foothold across the homeland against a microeconomic backdrop dominated by demand restraints, evolved into narrowing marginality on sales revenue from multi-brand shops and stores, leveraging effectively pricing. Also taking indirectly their toll on marginality were financial adversities endured by certain customers, insofar as preference was given to relinquishing some direct sales marginality rather than having to contend later with uncollectible or doubtful accounts.

Affecting marginality on direct sales was the sizeable increase in the price of raw materials (particularly wool, cotton and rubber prices) in lockstep, what's more, with the wild gyrations spiked across the FOREX markets in the first six months of the year by the U.S. dollar, the currency in which most of our goods and merchandise are purchased across the international marketplace.

In consequence, the Group's operational and financial key performance indicators at September 30, 2010 tracked the following route from the year-earlier period: EBITDA at September 30, 2010 was Euro 22 million (September 30, 2009: just under Euro 25 million) due to depreciation and amortization curving upward some 7.2% from the year-earlier period, whilst the Operating Result at September 30, 2010 was Euro 17 million, as compared to Euro 20.2 million the year before at September 30, 2009.

Placed in evidence in the Group's Half-Year Financial Report for the six months ended June 30, 2010 was the turmoil spiked across the FOREX markets by negative sentiment and speculative stress. For reasons of prudence, therefore, entered into successively were hedging arrangements, whether with regard to 4Q2010 or 1H2011 expected requirements.

Turning back to third-quarter financials, Royalty Income and Sourcing Commissions at September grew 28.3% or more from the year-earlier period, whilst Consolidated Direct Sales remained substantially steady, needless to say even without the one-shot direct sales revenue, delivered by the subsidiary BasicItalia S.p.A., driven through by the Vancouver Olympics 2010. The trending followed by the cost of sales and overheads reflects the route tracked by actuals over the course of the last nine months, as examined and discussed earlier.

After bearing the brunt of the Euro 9.7 million dividend pay-out (distributed part way June 2010), repayment (Euro 3.9 million) of the current portion of long-term borrowings, fixed asset investments (Euro 7.7 million) and financing, especially in terms of finished product refit, the 5% commercial growth, Group net financial indebtedness at September 30, 2010 was Euro 75.6 million.

Bolt-on trademark development was secured by renewing extant trademark licensing agreements and sealing all-new licensing agreements in a strategic intent to expand territorial reach into other geographies:

- looking at the Kappa® and Robe di Kappa® trademarks, licensing agreements have been renewed across the territorial landscape in respect of Denmark and other parts of North Europe and, moreover, in respect of the Hong Kong, Argentina and Paraguay territories, whilst all-new licensing agreements have been inked for the Singapore, Malaysia, Indonesia, Vietnam, Cuba and South Africa territories; and

- looking at the Superga® trademark, understandings have been reached in respect of all-new commercial licensing agreements in respect of Cuba, South Korea and the United Kingdom.

Also inked over the last nine months were all-new sourcing license agreements, hence carrying forward the strategic thrust built around making available to licensees bolt-on competitive procurement and supply sources, all of which finely tailored to support their commercial activity. Created to that end was a new sourcing hub in South America, all of which designed toward keeping apace with the procurement and sourcing challenges posed by the commercial licensees operating in that rapidly developing region and, not least, cutting off customs restrictions on goods imported from nations outside that territorial landscape.

Looking at communication, seeing renewal or onset by a number of Group Licensees were sponsorship arrangements representing a form of investment in sports disciplines or teams or international fame and prestige such as the Fulham Football Club and the Portsmouth Football Club in the U.K., the Real Valladolid Club de Fútbol in Spain, the F.S. Rome in Italy and the Racing Metro Parisian Rugby Team and, not least, the Les Voiles de Saint Tropez sailing event in France.

In January 2010, AnziBesson Trademark S.r.l., an entity priding itself on title ownership to the AnziBesson® brand, was incorporated, in exchange for a price consideration of Euro168 thousand, with clear focus steered toward relaunching and enhancing the value of that historic brand, widely regarded as one of the market leaders in skiwear. As global and exclusive trademark licensee, BasicNet S.p.A. will make available its business model and its extensive knowledge of pioneered applications, just as it did in the past for more recently acquired brands, i.e. Superga® and K-Way®.

By way of ensuring strategically acute operational management of the activities arising from the BasicNet Retail Project, seeing incorporation through BasicItalia S.p.A. was BasicOutlet S.r.l., the declared strategic intent of which is to manage and operate directly the Outlets operating under the Group banners.

BasicOutlet entered into operation as a result of acquiring six outlets at the shopping centers located at Valmontone (Rome), Vicolungo (Novara), Castelguelfo (Bologna), Molfetta (Bari), Foiano della Chiana (Arezzo) and Franciacorta (Brescia), respectively.

Yet again through BasicItalia S.p.A., April 2010 bears witness to the incorporation of BasicCRS S.r.l., an entity providing all those services associated with Group branded product sales and aftermarket sales.

Defined below are the financial key performance indicators as adopted herein:
Direct Turnover: Consolidated direct sales plus royalty income and sourcing commissions on purchases
EBITDA: Operating margin before depreciation and amortization
EBIT: Operating margin
Cash Flow: Net income plus depreciation and amortization

ANALYSIS AND DISCUSSION OF FINANCIAL KEY PERFORMANCE INDICATORS

On a comparative basis with 3Q2009, ***License Aggregate Sales*** delivered by the Licensee Network as at September 30, 2010 are analyzed below by geographic area:

Licensee Aggregate Sales* (Accounts in Euro/'000)	**September 30, 2010**	%	**September 30, 2009**	%	**Change**	
Europe – EU	204,314	*74.19*	186,240	*77.91*	18,074	
Europe – Rest of Europe	13,056	*4.74*	13,444	*5.62*	(388)	
The Americas	8,089	*2.94*	9,857	*4.12*	(1,768)	
Asia and Oceania	30,734	*11.16*	11,610	*4.86*	19,124	
Middle East and Africa	19,184	*6.97*	17,899	*7.49*	1,285	
Total	**275,377**	***100.00***	**239,050**	***100.00***	**36,327**	**15.20%**

*Unaudited figures.

In terms of percentage, ***Licensee Aggregate Sales*** hiked 15% growth from 3Q2009. Evenly spread growth across the European landscape, with market standouts being Italy, the United Kingdom and Denmark. Meaningful the growth honed across Asia and Oceania (around +165%) with market standout being South Korea, whilst resonating growth pleasing in tone was the Middle East and Africa (+7%). Looking at the marketplace helmed by the Americas, currently being unfurled is programmed market repositioning of the Kappa® and Robe di Kappa® trademarks in Brazil, the United States and Canada where new business partners have been identified.

Consolidated direct sales delivered at September 30, 2010 grew 5% from the year-earlier period to reach Euro 103 million.

Looking at the bolder market footprint gained by Group-banner shops and stores, unveiled since year onset were eleven new RDK® Shops, sixteen new Superga® Shops, three new RDK®J Stores and one new K-Way® Shop, thus bringing to 174 the total number of Group-banner sales outlets operating across the homeland.

The ***Trading Margin***, amounting to Euro 43 million at September 30, 2010, stepped back 3.7% from the year-earlier period. Whether being a reflection of competitive pricing leverage, either exerted to gain bolder market footprint or support new Group banner-shop start-ups, or a reflection of the greater cost incurred in purchasing goods and merchandise due to the sizeable increase in the price of raw materials driven through by the U.S. dollar wild gyrations spiked in 1H2010, marginality on direct sales dipped from 45% in 3Q2009 to 41.5% in 3Q2010.

Royalty income and sourcing commissions grew 25.3% from the year-earlier period to reach Euro 24 million.

Amounting to Euro 2.8 million, ***Other income*** as at September 30, 2010 relates to income delivered through marketing contributions and, not least, to rental income and other fees and income received in respect of temporary licenses on Group trademark advertising and promotional executions.

Operating expenses moved upward, whether by way of reflection of turnover growth or the greater number of Group-banner shops and stores directly managed or franchised.

On a more detailed basis;

- ✓ *media and sponsorship costs* moved from Euro 11.7 million at September 30, 2009 to Euro 12.6 million at September 30, 2010 or, when taken as a percentage of revenues, from 11.8% to12.2%. Pushing through the increase from the year-earlier period (some 7.7% in absolute terms) were new initiatives geared toward supporting meaningful sponsorship arrangements across the international plateau and, not least, a more powerful advertising thrust exerted through leading press dailies and weeklies across the homeland, under the wing of the Italian subsidiary BasicItalia S.p.A.;
- ✓ the *cost of labor* moved forward from Euro 9 million at September 30, 2009 to Euro 10.9 million at September 30, 2010 (or +20.6%), whether driven through by organic growth fostered in the retail sales outlets managed directly by RdK0 S.r.l. and BasicOutlet S.r.l. or the increasing cost of labor. As at September 30, 2010, the Group employed 432 people, or 86 full-time equivalents more than the year-earlier period ending September 30, 2009; and
- ✓ *selling expenses and general & administrative costs* grew 12.4% from some Euro 21.6 million at September 30, 2009 to Euro 24.2 million at September 30, 2010, primarily pushed through by the new sales outlets unveiled across the homeland. When taken as a percentage of revenues, *selling expenses and general & administrative costs* stretched forward from 21.8% at September 30, 2009 to 23.5% at September 30, 2010.

EBITDA at September 30, 2010 was Euro 22 million (September 30, 2009: Euro 24.9 million), or down 11.3%.

Amounting to some Euro 5 million, ***Depreciation and Amortization***, including therein depreciation of equipment and other assets held under finance lease, moved ahead 7.2% from September 30, 2009.

The ***Operating Result*** at September 30, 2010 was Euro 17 million (September 30, 2009: Euro 20.2 million), or down 15.5%.

Finance income/(expenses), Net at September 30, 2010, including therein foreign exchange gains/(losses), moved from Euro 2.2 million at September 30, 2009 to Euro 3.1 million at September 30, 2010. As interest expense narrowed in the wake of optimized servicing of debt, the balance on FOREX gains/(losses) at September 30, 2010 deteriorated into a net foreign exchange loss of Euro 651 thousand (September 30, 2009: net foreign exchange gain of Euro 561 thousand), reflecting nevertheless an improvement from the Euro 911 thousand net foreign exchange loss emerging at June 30, 2010. Whilst appropriate hedging could be accessed in 1Q2010 to cut out foreign exchange risk, FOREX market frenzied volatility barred the way to mitigating the wild gyrations evolving in 2Q2010. Entered into over the course of 3Q2010 were Flexi Term hedges involving U.S. dollars purchased forward. Taken as a whole, the purchases amount to US$ 21 million, of which US$ 4 million entered in 3Q2010, as may be utilized in part no later than December 31, 2010 and in part in 1H2011.

The ***Result before taxation*** at September 30, 2010 was Euro 14 million. After provisioning taxation in the amount of some Euro 3.6 million, the ***Net result attributable to Group*** at September 30, 2010 was Euro 10.3 million (September 30, 2009: Euro 14 million).

The following table provides details of the operational and financial key performance indicators at September 30, 2010, December 31, 2009 and September 30, 2009:

(Accounts in Euro/'000)	**September 30, 2010**	**December 31, 2009**	**September 30, 2009**
Investment property	26,165	26,634	26,839
Non-current assets and trademarks	58,755	54,780	54,168
Current assets	139,324	107,554	116,615
Fixed Assets	**224,244**	**188,968**	**197,622**
Equity attributable to the Group	81,405	81,616	78,515
Non-current liabilities	32,815	35,846	36,502
Current liabilities	110,024	71,506	82,605
Total Equity and Liabilities	**224,244**	**188,968**	**197,622**

(Accounts in Euro/'000)	**September 30, 2010**	**December 31, 2009**	**September 30, 2009**
Current net financial position	(46,253)	(27,140)	(27,631)
Medium-term financial payables	(27,581)	(30,567)	(31,896)
Finance leases	(1,808)	(1,578)	(1,231)
Group net financial position (Group net financial indebtedness)	**(75,642)**	**(59,285)**	**(60,758)**
Net Debt/Equity ratio	0.93	0.73	(0.77)

At the consolidated balance sheet level, ***non-current assets and trademarks*** moved ahead some Euro 4 million from December 31, 2009, less depreciation and amortization for the period. Totaling Euro 7.7 million in amount, the more significant fixed asset investments recorded for the period relate to electronic office machinery, fittings and furniture purchased (Euro 2.3 million), per new-shop goodwill (Euro 2 million), software programs developed (Euro 1.6 million), improvements and other minor items (Euro 1.3 million) and expenditure on proprietary trademark management (Euro 0.5 million).

Current assets gained headway from December 31, 2009 reflecting an increase in receivables (Euro 11.8 million), driven through by bolt-on commercial activities, and an increase in inventories (Euro 20.3 million), whether due to procurement requirements resulting from new shops unveiled over the period or upward-curved merchandise-in-transit earmarked for shipping to customers in the months immediately ahead (Euro 9.5 million, as opposed to Euro 3.3 million in the year-earlier period). Currently under way in respect of the latter are steps and measures designed toward optimizing inventory cycle vis-à-vis consignment seasonal bias.

Being a reflection of financing and loans repaid over the period, ***non-current liabilities*** moved downward, whilst ***current liabilities*** moved upward from December 31, 2009, primarily due to the movement in supplier payables (Euro16.5 million), current bank borrowings (Euro 17.5 million) and income tax provisioned.

Group net financial indebtedness at September 30, 2010, including therein medium-term financing and finance leases, was Euro 75.6 million, or Euro 16.3 million more than the figure reported at December 31, 2009. Group net financial indebtedness at September 30, 2010 bears the brunt of the Euro 9.7 million dividend pay-out (distributed part way June 2010), repayment (Euro 3.9 million) of the current portion of long-term borrowings, fixed asset investments (Euro 7.7 million), and financing of the 5% commercial growth.

The Debt/Equity ratio places in evidence a balanced stance(0.93), all of which in full compliance with the covenants contemplated by certain loan facility agreements.

Seeing repayment over the last nine months were portions of medium-term financing and loans arising from or relating to the acquisition of the K-Way® trademark, the acquisition of the Superga® trademark and the acquisition of the properties from which the Italian companies of the Group operate.

BASICNET LISTING

Reflecting the following movement, the BasicNet listing performance from January 1, 2010 through September 30, 2010 stepped forward 43.46%:

- maximum value of Euro 3.29 struck on April 27, 2010;
- minimum value of Euro 1.84 struck on January 13, 2010.

TREASURY SHARES

At September 30, 2010, BasicNet held 2,201,500 treasury shares, or 3.6094% of share capital, representing an aggregate capital investment of Euro 3,209,702, and an average carrying amount of Euro 1.457.

BUSINESS OUTLOOK FOR THE REST OF THE YEAR

Unveiled, across the homeland, in October 2010, was a Superga® single-brand store; as targeted and confirmed, another 14 shops flying the Group banner will be unveiled by year-end, thus bringing to 190 the total number of Group-banner sales outlets.

In 4Q2010, the Group will be committed to seeking out new licensing opportunities across the international landscape and, not least, fine-tuning the production and commercial licensee network. Remaining a key priority of the subsidiary BasicItalia S.p.A. will be a strategic thrust toward building up the network of shops and stores operating under the Group banner.

CONSOLIDATED ACCOUNTS

CONSOLIDATED INCOME STATEMENT OF THE BASICNET GROUP FOR THE NINE MONTHS ENDED SEPTEMBER 30, 20010, AS REPORTED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND PRESENTED ON A COMPARATIVE BASIS WITH SEPTEMBER 30, 2009

(Accounts in Euro/'000)

	September 30, 2010		September 30, 2009		Change	
		%		%		%
Licensee Aggregate Sales	**275,377**		**239,050**		**36,327**	***15.20***
Direct sales revenue	103,169	*100.00*	98,773	*100.00*	4,396	*4.45*
Cost of sales	(60,343)	*(58.49)*	(54,322)	*(55.00)*	(6,021)	*(11.08)*
TRADING MARGIN	**42,826**	***41.51***	**44,451**	***45.00***	**(1,625)**	***(3.66)***
Royalty income and sourcing commissions	24,197	*23.45*	19,309	*19.55*	4,888	*25.32*
Other income	2,764	*2.68*	3,394	*3.44*	(630)	*(18.56)*
Media and sponsorship costs	(12,598)	*(12.21)*	(11,692)	*(11.84)*	(906)	*(7.75)*
Cost of labor	(10,891)	*(10.56)*	(9,033)	*(9.14)*	(1,858)	*(20.57)*
Selling expenses, general & administrative costs and royalty expenses	(24,243)	*(23.50)*	(21,570)	*(21.84)*	(2,673)	*(12.39)*
Depreciation and amortization	(5,023)	*(4.87)*	(4,687)	*(4.74)*	(336)	*(7.17)*
OPERATING RESULT	**17,032**	***16.51***	**20,172**	***20.42***	**(3,140)**	***(15.57)***
Finance income/(expenses), Net	(3,122)	*(3.03)*	(2,228)	*(2.26)*	(894)	*(40.13)*
RESULT BEFORE TAXATION	**13,910**	***13.48***	**17,944**	***18.17***	**(4,034)**	***(22.48)***
Income tax expense	(3,592)	*(3.48)*	(3,916)	*(3.96)*	324	*8.26*
Result attributable to Group	**10,318**	***10.00***	**14,028**	***14.20***	**(3,710)**	***(26.45)***
Cash flow (Net result+Depreciation/Amortisation)	**15,341**		**18,715**		**(3,374)**	***(18.03)***

CONSOLIDATED INCOME STATEMENT OF THE BASICNET GROUP FOR 3Q2010, AS REPORTED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND PRESENTED ON A COMPARATIVE BASIS WITH 3Q2009

(Accounts in Euro/'000)	**3Q2010**		**3Q2009**		**Change**	
		%		**%**		**%**
Licensee Aggregate Sales	**99,991**		**86,462**		**13,529**	***15.65***
Direct sales revenue	34,729	*100.00*	35,264	*100.00*	(535)	*(1.52)*
Cost of sales	(21,631)	*(62.28)*	(19,456)	*(55.17)*	(2,175)	*(11.18)*
TRADING MARGIN	**13,098**	***37.72***	**15,808**	***44.83***	**(2,710)**	***(17.14)***
Royalty income and sourcing commissions	8,908	*25.65*	6,942	*19.69*	1,966	*28.32*
Other income	793	*2.28*	944	*2.68*	(151)	*(16.03)*
Media and sponsorship costs	(4,276)	*(12.31)*	(3,783)	*(10.73)*	(493)	*(13.04)*
Cost of labor	(3,676)	*(10.58)*	(3,315)	*(9.40)*	(361)	*(10.89)*
Selling expenses, general & administrative costs and royalty expense	(8,072)	*(23.24)*	(6,857)	*(19.45)*	(1,215)	*(17.71)*
Depreciation and amortization	(1,781)	*(5.13)*	(1,639)	*(4.65)*	(142)	*(8.66)*
OPERATING RESULT	**4,994**	***14.38***	**8,100**	***22.97***	**(3,106)**	***(38.34)***
Finance income/(expenses), Net	(530)	*(1.53)*	(947)	*(2.68)*	417	*44.01*
RESULT BEFORE TAXATION	**4,464**	***12.85***	**7,153**	***20.28***	**(2,689)**	***(37.59)***
Income tax expense	(921)	*(2.65)*	(1,252)	*(3.55)*	331	*26.44*
Net result attributable to Group	**3,543**	***10.20***	**5,901**	***16.73***	**(2,358)**	***(39.95)***
Cash flow (Net result+Depreciation/Amortisation)	**5,324**		**7,540**		**(2,216)**	***(29.39)***

CONSOLIDATED BALANCE SHEET OF THE BASICNET GROUP AT SEPTEMBER 30, 2010 (*)

(Accounts in Euro/'000)

ASSETS	**September 30, 2010**	**December 31, 2009**	**September 30, 2009**
Intangible assets	38,549	38,438	38,554
Goodwill	12,600	10,638	10,355
Property, plant and equipment	32,738	32,167	31,812
Investments and other fin. fixed assets	194	171	159
Deferred tax assets	839	-	127
Total Non-current assets	**84,920**	**81,414**	**81,007**
Net inventory	59,800	39,473	42,419
Trade receivables	63,359	51,566	59,467
Other current assets	6,893	6,118	5,712
Prepaid expenses	7,842	7,146	7,028
Cash and cash equivalents	1,430	3,071	1,989
Derivative financial instruments	-	180	-
Total Current assets	**139,324**	**107,554**	**116,615**
TOTA ASSETS	**224,244**	**188,968**	**197,622**

EQUITY AND LIABILITIES	**September 30, 2010**	**December 31, 2009**	**September 30, 2009**
Share capital	31,717	31,717	31,717
Reserve for treasury shares	(3,210)	(2,995)	(2,995)
Other reserves	42,580	36,341	35,765
Result for the period	10,318	16,553	14,028
TOTAL EQUITY	**81,405**	**81,616**	**78,515**
Reserves for risks and charges	165	313	490
Loans and financing	29,390	32,145	33,127
Employee benefits	2,543	2,952	2,480
Deferred tax liabilities	-	3	-
Other non-current liabilities	717	433	405
Total Non-current liabilities	**32,815**	**35,846**	**36,502**
Bank borrowings and overdrafts	47,683	30,211	29,620
Supplier payables	47,976	31,477	39,340
Tax payables	6,721	4,493	6,200
Other current liabilities	3,843	2,981	2,760
Accrued expenses	835	103	2,048
Derivative financial instruments	2,966	2,241	2,637
Total Current liabilities	**110,024**	**71,506**	**82,605**
TOTAL LIABILITIES	**142,839**	**107,352**	**119,107**
TOTAL EQUITY AND LIABILITIES	**224,244**	**188,968**	**197,622**

(*) *As required by Consob Resolution 15519 issued on July 27, 2006, it should be noted that no related party transactions are entered into by the Group.*

CONSOLIDATED NET FINANCIAL POSITION

(Accounts in Euro/'000)

	September 30, 2010	December 31, 2009	September 30, 2009
Cash and cash equivalents	1,430	3,071	1,989
A/C overdrafts and advances under usual reserve	(18,064)	(971)	(9,439)
Advances on imports	(25,304)	(23,925)	(14,866)
Sub-total Current financial debt	*(41,938)*	*(21,825)*	*(22,316)*
Current portion of medium to long-term borrowings	(4,315)	(5,315)	(5,315)
Current net financial position	**(46,253)**	**(27,140)**	**(27,631)**
Medium to long-term Superga loan facility	(9,500)	(11,281)	(11,875)
Medium to long-term K-Way financing	-	-	(333)
Basic Village landed loan	(13,200)	(14,100)	(14,400)
BasicItalia mortgage loan	(4,881)	(5,186)	(5,288)
Payables for assets held under lease	(1,808)	(1,578)	(1,231)
Sub-total Loans and financing	*(29,389)*	*(32,145)*	*(33,127)*
Consolidated net financial position	**(75,642)**	**(59,285)**	**(60,758)**

As reported in the table above, net financial position remains in line with the requirements set forth in Consob Communication 6064293 issued on July 28, 2006.

NOTES

The 3Q2010 Interim Management Report & Consolidated Accounts of the BasicNet Group for the nine months ended September 30, 2010 have been prepared and presented in application of Article 82 and Appendix 3D of the Regulation issued on May 14, 1999 in respect of "Italian legislative decree no. 58 of February 24, 1998 governing Listed Companies and Issuers", as subsequently amended.

The accounting policies and measurement bases adopted in preparing the 1Q2010 Interim Management Report & Consolidated Accounts of the BasicNet Group for the nine months ended September 30, 2010 (unaudited) are unchanged from those applied in drawing up the BasicNet Group's Annual Report & Consolidated Accounts 2009. Pursuant to Consob Communication DEM/5073567 issued on November 4, 2005, BasicNet has taken advantage of the right to disclose information on a less in-depth basis than that required by International Accounting Standard IAS 34 - *Interim Financial Reporting*.

* * *

Paolo Cafasso, the Officer entrusted with responsibility to draw up the financial statement schedules, hereby confirms, pursuant to Article 154-bis, paragraph two, of the Financial Act, that the accounting disclosures presented herein agree with the underlying accounting records and ledgers.

By Order of the Board of Directors of BasicNet S.p.A.

Marco Daniele Boglione

Chairman

Turin, 29th October 2010