

Quarterly Report Q2/2009

Overview of the 2nd Quarter:

- Demand for Vision Technology products was reduced industry-wide compared to previous year; trough in demand was presumably reached in Q2/2009
- Incoming orders: EUR 6.7 million (previous year: EUR 18.3 million), sales: EUR 8.1 million (previous year: EUR 15 million), pre-tax earnings: EUR 4.9 million (previous year: EUR 1.4 million), free cash flow: EUR -0.8 million (previous year: EUR 0.3 million)
- Execution of the corporate strategy and cost-cutting program are complete; one-time expenses are completely represented in the half-year figures; break-even point is significantly reduced

Key Data

	Q2 2009*	Q2 2008		+/- in %	1st six months 2009*	1st six months 2008		+/- in %
Sales								
Group	8.1	15.0	€m	-46.0	16.1	27.2	€m	-40.8
Basler Components	5.6	7.6	€m	-26.3	9.9	14.9	€m	-33.6
Basler Solutions	2.5	7.4	€m	-66.2	6.2	12.3	€m	-49.6
Orders								
Incoming orders	6.7	18.3	€m	-63.4	13.8	42.1	€m	-67.2
Results								
Gross margin in %	45.8	53.1	%	-7.3 pp**	48.2	50.6	%	-2.4 pp**
EBITDA	-1.4	3.6	€m		-1.6	5.7	€m	
EBIT	-4.7	1.5	€m		-6.4	1.9	€m	
EBT	-4.9	1.4	€m		-6.8	1.6	€m	
Net Result	-4.1	0.9	€m		-5.7	1.1	€m	
Number of Shares	3.5	3.5	m		3.5	3.5	m	
Cash								
Cash Funds (as of cut-off date)					6.7	4.8	€m	+39.6
Staff (as of cut-off date)								
Number of Staff					282	302		-6.6
Share (as of cut-off date)								
Share price (XETRA)					5.95	9.94		-40.1
Market cap					20.8	34.8		

* Quarterly figures not audited

** pp = percentage points

Dear Ladies and Gentlemen,

As of the second quarter of 2009, macroeconomic conditions for manufacturers of industrial goods have not yet improved. The volume of equipment investment was characterized again by a significant reduction compared to the previous year. Nonetheless, there are some first indications that the economic crisis may have reached its low during the reporting period. It remains to be seen when these indications will result in increased demand for industrial goods.

The companies of the Vision Technology sector are immediately affected by the low level of equipment investment in 2009. In its latest prognosis for the German Vision Technology industry, the Verband Deutscher Maschinen- und Anlagenbau (VDMA - German Engineering Federation) expects for the current year a reduction of 30 % compared to 2008 (formerly -15 %). After 10 years of continued growth in sales, the sector would therefore decline to the level of the year 2003.

Against the backdrop of these unfavorable economic conditions, the second quarter of fiscal year 2009 turned out worse for Basler AG than the second quarter of the previous year. Figures for incoming orders and sales in the reporting period were considerably below the corresponding figures of 2008. The earnings before taxes turned out significantly negative due to decreased sales and one-time expenses for cost-cutting measures. Free cash flow was negative as well. However, it decreased disproportionately due to the steps taken in the previous months towards decreasing fixed capital. On the whole the results for the second quarter are in continuity with the weak previous quarter. They also confirm the skeptical estimate given in the annual report for 2008 about the business development in 2009.

Since the beginning of the current fiscal year, the Management Board of Basler AG has been adjusting the company with respect to the deteriorating economic conditions. The strategic focusing that has been decided upon during the reporting period is already largely concluded. The resulting action geared towards cutting cost will reduce the break-even point starting with the second half-year of 2009 by more than one quarter compared to the same period of fiscal year 2008. All one-time expenses are represented in the result for the second quarter. The positive effect of the cost-cutting program on profit will become apparent starting from the third quarter of 2009. With its new profile, Basler AG will operate profitably again in fiscal year 2010. This holds in spite of the expect-

tation that equipment investment will only slightly rise in the next year compared to 2009. With demand gradually returning to normal, the company will be able to generate higher yield than previously in the years 2011 and after.

Sales and incoming orders

The group's sales amounted to EUR 8.1 million in the second quarter of 2009 which is approx. 46.0 % less than previous year's figure of EUR 15 million. With sales amounting to EUR 5.6 million, we generated approx. 26.3 % less revenue in our "COMPONENTS" business segment than in the previous year's quarter (Q2/2008: EUR 7.6 million). Sales in our "SOLUTIONS" business unit, which was more severely affected by the economic crisis, were reduced to EUR 2.5 million in the period under review. This corresponds to approx. 66.2 % reduction compared to the previous year (Q2/2008: EUR 7.4 million).

In the reporting period, 48.3 % of the sales revenue was realized with Asian customers (Q2/2008: 45.8 %). 31.0 % of the sales derive from European customers (Q2/2008: 36.9 %) and 20.7 % from American customers (Q2/2008: 17.3 %). The strongest decline in sales could be observed on the European market with -54.6 %, followed by Asia (-42.9 %), and America (-35.4 %). Cumulated sales have declined on all regional markets by approx. 40.6 % compared to the previous year.

Due to the economic crisis, orders have also significantly declined compared to the previous year. The group's incoming orders declined in the second quarter of 2009 by EUR 6.7 million. This is approx. 63.4 % below the level of the strong second quarter of 2008 (EUR 18.3 million) when Basler AG was able to book several large-scale orders from the LCD industry.

Result

The profit situation of the second quarter of 2009 is strongly affected by one-time expenses for establishing a new profile for the company. The expense for the cost-cutting program and strategically motivated depreciation summed to EUR 2.9 million. It is completely represented in the result for the reporting period. The group's profit before taxes (EBT) including all one-time expense amounted to EUR -4.9 million and therefore was EUR 6.3 million less than previous year's figure (Q2/2008: EUR 1.4 million). The earnings before taxes and before one-time expense amounted to approx. EUR -2.0 million and were lower by approx. 3.4 million compared to the previous year.

The gross results have declined by 53.8 % to EUR 3.7 million (Q2/2008: EUR 8.0 million). This is primarily due to declined sales. The gross margin of 45.8 % was 7.3 % lower than previous year's figure (Q2/2008: 53.1 %).

The expense for sales and marketing was reduced, compared to the previous year, by EUR 0.5 million to EUR 2.1 million (-19.2 %). The balance for research and development amounted in the second quarter of 2009 to EUR 3.1 million (Q2/2008: EUR 2.4 million; +29.2 %). This includes EUR 1.3 million for non-budgetary depreciations on activated R&D performance. The balance for R&D before one-off effects amounted to EUR 1.8 million and therewith declined by 25.9 % compared to the previous year. The general administrative expenses increased relative to the comparison period to EUR 3.5 million (Q2/2008: EUR 1.9 million; +84.2 %) due to one-off expenses for cost-cutting measures in Q2/2009. The one-off expenses summed in the second quarter to EUR 1.5 million. Adjusted for special items, the general administrative expenses amounted to EUR 2.0 million which is 5.3 % above previous year's figure.

Segment information

In the "COMPONENTS" business segment, Basler AG has realized sales in the second quarter of 2009 amounting to EUR 5.6 million. Accordingly, revenue from digital cameras declined in the reporting period by 26.3 % below previous year's figure of EUR 7.6 million. In comparison to the first quarter of 2009 (EUR 4.3 million) sales increased again by 30.2 %. During the reporting period, incoming orders amounted to EUR 6.1 million and were again below previous year's figure (Q2/2008: EUR 8.8 million, -30.7 %). However, compared to the first quarter (Q1/2009: EUR 5.5 million), the figure increased by 10.1 %. Aside from special items due to devaluation, the gross margin has evolved stably during the reporting period. The personnel expenses decreased before one-time expenses by 15 % compared to the previous year. Other costs decreased by 8.0 %. In the second quarter, the earnings before interest and taxes for the segment were positive again at EUR 0.4 million (Q2/2008: EUR 1.0 million; -60.0%) after a loss in the previous quarter.

Our market environment in the components business is affected to different extents by the repercussions of the economic crisis. The classical markets of principal customers for industrial cameras, the semiconductor

and electronics industries, are struggling with the most profound decrease in demand in their history. In the video surveillance market, stagnation is anticipated to occur in 2009, after the two-digit growth rates of the previous years. The markets for traffic control and medical technology are much less affected by the crisis.

Basler AG is in an outstanding position for addressing customer needs that have shifted due to the global economic crisis. The pressure on our customers for cutting costs has accelerated the demand for standard technologies, for more cost-efficient products, and for even easier integration into the customers' applications. By combining the technologies of industrial cameras and video surveillance we can make a unique offer to the market that allows realizing new functions in a technologically innovative, easy, and cost-efficient way. In medical technology, we can help with innovative products in arriving at diagnoses faster and more reliably. In spite of a general weakness in demand we therefore continue to observe an increasing demand for our Gigabit Ethernet cameras and increase our market share. Our new families of line scan cameras are also meeting with increasing approval and will contribute in the next year to the planned moderate increase in sales. Likewise, the still youthful video surveillance business has developed positively in the reporting period. The investment in setting up our distribution network results in the meantime in rising incoming orders and sales. Due to Basler's increasing presence on trade shows and in the relevant journals, the popularity of our brand continues to increase.

All in all, we expect better days ahead for the components business. We also expect to be able to realize growth again in incoming orders and sales in the second half of the year due to our innovative product portfolio and our strong sales force. In the future, our strategic alignment will generate more sales in large-volume markets, helping us to more quickly amortize our investment in research and development. The increasing proportion in sales of products for the video surveillance market will in the medium term make us less susceptible to cycles in demand in the classic industrial goods markets than is presently the case. In the context of the review of the corporate strategy, carried out in the second quarter, we have therefore not undertaken any major corrections with regard to the alignment of our components business.

In the "SOLUTIONS" business segment, Basler AG has realized sales revenue amounting to EUR 2.5 million in the second quarter of 2009. This implies a decrease in sales of inspection solutions from EUR 7.4 million (66.2 %) compared to the previous year. Incoming orders in the second quarter of 2009 have continued the low values of the previous quarter. Compared to the unusually strong quarter of the previous year, the orders have declined by EUR 8.8 million reaching the very low level of EUR 0.7 million (Q2/2008: EUR 9.5 million, -92.6 %). In comparison to the first quarter of 2009, incoming orders declined once again by more than one half (-56.2 %). The result for the "SOLUTIONS" segment before interest and taxes amounted in the second quarter to EUR -3.6 million including one-off expenses for strategic adjustments and cost-cutting measures. Compared to the previous year, it therefore declined by EUR 4.6 million (Q2/2008: EUR 1.0 million). Due to special items related to devaluation, the gross margin was significantly below the previous year's figure. The personnel expenses before non-recurring costs have declined by 40 % compared to the previous year. The other costs declined by approximately one quarter compared to the previous year's period.

The main reason for the weak performance of our solutions business in the reporting period just ended is the fact that the LCD industry has had virtually no expansion investments since May 2008. This is due to low utilization rates, increasing inventories, and declining average revenues. During the reporting period, utilization rates have improved and recently surpassed 80 %, which mainly results from an increased demand in Asia due to the Chinese economic stimulus package. From the present perspective, new equipment investment may accordingly be anticipated starting from the fourth quarter of 2009.

In addition, the expansions of capacities in the solar industry have declined strongly in the last three quarters. The reasons are considerably more difficult financing of new solar power plants in Europe starting in the second half of 2008, a restriction of government aid for the installation of solar plants in important regional markets (e.g. in Spain), and a further growing oversupply of production capacity due to the extensive expansion investments of 2008. Particularly in Asia, significant new production capacities have started operations in the last 18 months, resulting in a decline of the average revenue for the producers since the beginning of 2009 by more than one third. The time and extent of investment into

new production facilities will depend on how soon the current production capacities and those added during this year will be able to be used to capacity and how quickly the current tense financial situation for many producers of cells and modules will relax.

Finally, the equipment investments of the producers of optical storage media and of seals persist on low levels. The demand for optical storage media of the 3rd generation (so-called BluRay disks) has developed much slower than expected by the film studios. The installed production capacity will therefore only marginally be extended - if at all so. Due to the difficult situation in the car manufacturing and aviation industries, the demand for seal inspection equipment is also at a record low.

For a speedy return of our solutions business to the profit zone in spite of these unfavorable factors of the business environment, we have decided to reduce the number of product lines and to concentrate on the core activities in the LCD and solar divisions. We are holding a very strong market position in the LCD industry with first-rate customers, who are planning again for considerable investments in the foreseeable future. We can adapt our leading technology platform, which was developed for the LCD industry, with minor modifications to the customers' needs in the thin-film solar segment. This enables us to develop leading edge technology in a cost-effective way for addressing a promising future market. And finally, by retreating in an orderly fashion from unprofitable niches and by focusing our research and development on our technological core competences, we streamline the company, allowing us to realize significant cost reduction. The one-time expenses for the adjustments in our solutions business amount to approximately EUR 2.3 million and are completely represented in the result for the reporting period. Approximately EUR 1 million of this sum are to be allotted to cost-cutting measures and approx. EUR 1.3 million to depreciations on our activated R&D performance and obsolete material. The departure from markets no longer addressed by Basler in the future will be complete for the major part by the end of fiscal year 2009.

Research & Development

Also during the economic crisis, Basler AG continues investing in new products and solutions. A focus of our current research and development is on products addressing our customers' altered needs after the economic crisis. Relative to sales, the full cost for R&D increased by 3.4 percentage points to the value of 17.6 %.

The full cost for research and development amounted to EUR 1.4 million in the second quarter of 2009. This is, in absolute figures, approximately one third below the previous year's level (Q2/2008: EUR 2.1 million). The cost-cutting measures carried out in the research and development sector were less than in other functions of the company. Resulting from the strategic focusing of the company and the associated discontinuation of product lines, the depreciations on activated research and development performance increased in Q2/2009 relative to the comparison period by 61.1 % to EUR 2.9 million (Q2/2008: EUR 1.8 million). Adjusted for non-budgetary depreciations amounting to EUR 1.4 million, the depreciations on activated research and development performance declined by 16.7 % relative to the comparison period.

Employees

The number of employees of the Basler group was 282 on the reporting date (June 30, 2008: 302 employees). The numbers of employees by locations of the Basler group are as follows (previous year's figures in parentheses):

Headquarters in Ahrensburg, Germany: 243 (256).
 Subsidiary in the U.S.A.: 12 (16)
 Subsidiary in Taiwan 14 (15)
 Subsidiary in Singapore: 8 (7)
 Representative offices in China, Korea and Japan: 6 (8)

Cash flow, liquid assets & debts

The operative cash flow amounted to EUR 0.8 million in the reporting period (Q2 /2008: EUR 2.2 million). This corresponds to a decline by 63.6 % compared to the previous year. In the second quarter, the free cash flow amounted to EUR -0.8 million and accordingly declined by approx. EUR 1.1 million compared to the comparison period in 2008 (Q2/2008: EUR 0.3 million). The progress made in reducing fixed capital was crucial for the significantly lower decline of cash flow compared to net results.

Liquid assets amounted to EUR 6.7 million at the end of the reporting period and therewith were EUR 1.9 million above the level of the comparison period (end of Q2/2008: EUR 4.8 million). Compared to March 31, 2009, the funds available declined by EUR 1.1 million.

The total indebtedness of Basler AG amounted to approx. EUR 23.6 million at the end the second quarter of 2009 (end of Q2/2008: EUR 22.4 million).

This includes EUR 8.5 million of short-term and EUR 15.1 million of long-term borrowed capital. At an equity amounting to EUR 22.4 million the debt to total capital ratio calculated to 105.7 % on the reporting date (Q2/2008: 82.5 %). The debt to equity ratio relating to short-term borrowed capital amounted to 38.3 % (Q2/2008: 20.2 %). The long-term debt to equity ratio amounted to 67.4 % (Q2/2008: 62.2 %).

Share

The Basler share opened at a rate of EUR 4.35 in the second quarter of 2009. By the end of the second quarter the share price was at EUR 5.95.

As of June 30, 2009, the Management Board and the Supervisory Board held the following shares and options:

	Shares		Options	
	30.06 2009	30.06. 2008	30.06. 2009	30.06. 2008
Supervisory Board				
Norbert Basler (chairman)	1.8m	1.8m	106,907	106,907 (Nicola-Irina Basler)
Prof. Dr. Eckart Kottkamp (vice-chairman)	-	-	-	-
Konrad Ellegast	-	-	-	-
Vorstand				
Dr. Dietmar Ley (chairman)	135,282	135,282	23,800	23,800
John P. Jennings	5,500	5,500	3,000	3,000

Corporate Governance - declaration of compliance according to Section 161 AktG

The Management Board and the Supervisory Board hereby declare that the recommendations for conduct issued by the "Government Commission of the German Corporate Governance Code" appointed by the German Government, as amended on June 14, 2008, have been complied with hitherto during fiscal year 2009 and will be complied with in the future.

The following recommendations have been excluded:

Clause 5.3 - Establishment of Supervisory Board committees

The Supervisory Board does not establish any committees. With the Supervisory Board of Basler AG comprising only three persons, efficient work is ensured in all matters of the Supervisory Board. In addition, the generally accepted minimum size for a committee is a membership of three.

Clause 5.4.7 - Remuneration of the members of the Supervisory Board

Remuneration of the members of the Supervisory Board is set forth in the Articles of Incorporation. Chairmanship and vice chairmanship are given consideration as regards the amount of remuneration. Given the current level of fixed remuneration, the addition of a variable component to remuneration for the members of the Supervisory Board is not provided for.

The updated declaration of compliance with the code can be accessed on the Basler website's Investor Relations area at www.baslerweb.com/aktie. If you have any questions regarding the corporate governance code, please contact the compliance officer of Basler AG: Dr. Dietmar Ley (CEO), Tel. +49-4102-463 100, ir@baslerweb.com

Changes in accounting principles for the annual balance sheet

For fiscal years beginning on or after January 01, 2009, IAS 23 requires new regulations to be applied for the capitalization of borrowing costs. Pursuant to this accounting standard, borrowing costs must be capitalized as part of the costs of qualified assets that require substantial periods of time for their production and that were produced after January 01, 2009. The option was removed for reporting such borrowing costs as an expense.

In the case of Basler AG, the self-provided intangible assets must be considered as qualified assets. For this purpose, borrowing costs amounting to EUR 16,124.37 were activated in the second quarter of 2009. The related interest rate was determined at 7.17 %.

Outlook

Against the backdrop of incoming orders having declined by 45 % for the German engineering industry (Maschi-

nen- und Anlagenbau) in the period from January up to and including June 2009, the economic conditions are remaining tense for the industrial goods industry. Even with the economic crisis possibly having reached its low in the second quarter of 2009, it still remains to be seen when a turnaround will occur for equipment investment.

The Vision Technology sector can not elude these unfavorable economic factors and, according to the latest predictions of VDMA, must be prepared for a decline in sales by approx. one third in 2009 compared to 2008. Against the backdrop of incoming orders having been below previous year's values by more than 50 % since the beginning of this year and sales having declined by more than 25 % a decline of the sector's sales to even lower levels can currently not be excluded.

With the results for the second quarter of 2009, Basler AG finds its skeptical estimate for the business development for 2009 confirmed, as given in the annual report 2008. For both business segments, the reporting period was characterized by considerable declines in sales compared to the previous year. As a response, the Management Board has reacted with an extensive catalog of measures. Starting from the assumption that our markets will gradually recover and that recovery will reach into fiscal year 2011, we have aligned our company towards its core businesses and core competences and towards a speedy return to the profit zone. In addition, we have taken steps towards releasing fixed capital. The earnings before taxes of the first half year of 2009 are therefore strongly characterized by one-time expenses. No further resulting burden is planned for the second half year. Cash flow will show after effects until the end of 2009. The strategic adjustments will be realized almost completely by the end of fiscal year 2009. The intended lower cost level will already be reached in the course of the third quarter of 2009.

In our camera business, slight increases in incoming orders can be observed since the middle of the first quarter. These have caused a certain recovery of sales revenues already in the reporting period just ended from the low in the first quarter of 2009 and they have given rise to a return to the profit zone. Based on our continually successful business with Gigabit Ethernet cameras and with sales picking up in our business with video surveillance cameras, we expect the positive trend to continue for the rest of fiscal year 2009. For our solutions business, we expect lower revenue for the remaining two quarters compared to the first half of the year. This is due

to the so far low incoming orders in the current fiscal year, to the order backlog from 2008 largely being cleared, and to sales not being realized due to discontinued products. Starting from the fourth quarter of 2009, we expect an increase in incoming orders for our solutions business, resulting from the emerging recovery of the LCD market, and we expect this to lead to increasing sales revenue in 2010.

On the group level, sales for the second half of the year should be slightly above the levels for the first two quarters. We therefore expect the group's sales for 2009 in a corridor between EUR 31 million and EUR 33 million which is distinctly below the sales level for 2008. Hence and due to significant one-time expense in the context of the cost-cutting program in the first quarter, we expect the group's earnings before taxes between EUR -8.0 million and EUR -8.5 million for the year of 2009. Adjusted for one-time expenses, the group's earnings before taxes for 2009 can be expected in the region between EUR -3.5 million to EUR -4.5 million. In the second half year of 2009 the company will quickly approach the break-even point due to cost relief becoming effective.

Basler AG has improved its market position in its core businesses during the current economic crisis and will further extend its position due to forthcoming new product launches in the second half of the year. We have responded to the challenges posed by the difficult economic environment by means of quick strategic adjustments and a comprehensive cost-cutting program. With our leaner and more flexible setup we are able to quickly return to the profit zone and we will operate profitably again in fiscal year 2010 in spite of our expectation of equipment investment in the next year to turn out but slightly above the level of 2009. With demand gradually returning to normal in the years 2011 and after, Basler AG will be able to generate higher yield than before the economic crisis.

Based on a stable balance sheet structure, sufficient reserves for financing the company during the recession, and on the strong coherence among our staff we will emerge strengthened from the year 2009 which is a challenging one for the entire industrial goods industry.

Declaration of the legal representatives

We affirm to the best of our knowledge that the interim consolidated financial statements, in accordance with the accounting principles applicable to interim reporting,

provide a true and fair view of the group's asset, financial, and earnings situation and that the groups interim annual represents a true and fair picture of the course of business, including the operating result, and the group's financial situation as well as describing the essential opportunities and risks concomitant with the expected development of the group during the remainder of the fiscal year.

The Management Board



Dr. Dietmar Ley – John P. Jennings

Group's Annual Balance Sheet According to IFRS for the Second Quarter of 2009 Consolidated Profit and Loss Statement (IFRS)

in €k, result per share in €	04/01/- 06/30/2009	04/01/- 06/30/2008	01/01/- 06/30/2009	01/01/- 06/30/2008
Income from sales	8,101	14,987	16,129	27,171
Cost of sales	-4,393	-7,031	-8,343	-13,435
Gross profit on sales	3,708	7,956	7,786	13,736
Sales and marketing costs	-2,119	-2,648	-4,570	-4,997
General administration costs	-3,535	-1,874	-6,003	-3,718
Research and development				
Full costs	1,422	-2,127	-3,255	-4,172
Activation of intangible assets	1,265	1,521	2,938	3,284
Depreciation on activated intangible assets	-2,902	-1,817	-4,150	-3,169
Balance – Research and development	-3,059	-2,423	-4,467	-4,057
Other internal income	315	521	818	973
Operative profit	-4,690	1,532	-6,436	1,937
Interest expense	-193	-152	-399	-302
Earnings before tax	-4,883	1,380	-6,835	1,635
Profit tax	803	-442	1,179	-565
Net period surplus	-4,080	938	-5,656	1,070
Number of shares (diluted)	3,500,000	3,500,000	3,500,000	3,500,000
Operating profit per share (Euro)	-1,17	0,27	-1,62	0,31
Number of shares (diluted)	3,668,882	3,668,882	3,668,882	3,668,882
Earnings effect to be taken into account for the dilution resulting from the convertible loan	24	24	48	48
Completely diluted operating profit per share (Euro)	-1.11	0.26	-1.53	0.30

Consolidated Changes in Statement of Shareholder's Equity (IFRS Not Subject to the Audit)

in €k	Subscribed capital	Capital reserve	Equation of currency exchange	Accumulated earnings	Total
Shareholder's equity as of 01/01/2008	3,500	1,220	207	21,147	26,074
Difference from currency conversion			28		28
Group net profit for period				1,069	1,069
Shareholder's equity as of 06/30/2008	3,500	1,220	235	22,216	27,171
Difference from currency conversion			-80		-80
Group net profit for period				994	994
Others		-89			-89
Shareholder's equity as of 12/31/2008	3,500	1,131	155	23,210	27,996
Difference from currency conversion			27		27
Group net profit for period				-5,657	-5,657
Shareholder's equity as of 06/30/2009	3,500	1,131	182	17,553	22,366

Group's Annual Balance Sheet According to IFRS for the Second Quarter of 2009

Consolidated Cash Flow Statement

in €k	04/01/- 06/30/2009	04/01/- 06/30/2008
Net period surplus	-5,656	1,069
Depreciations on fixed asset objects	4,840	3,876
Interest outpayment/Interest inpayment	240	333
Increase/decrease in the accruals	519	295
Change in deferred taxes	-1,203	443
Change in the capital resources without affecting the payment	29	30
Profit/loss from the outflow of fixed asset objects	-2	14
Increase/decrease in the reserves	582	-1,223
Increase/decrease in the receivables from deliveries and services	2,704	-901
Increase/decrease in other assets, which are not allotted to the investment or financing activity	148	703
Increase/decrease in the down payments received	321	930
Increase/decrease in the payables from deliveries and services	364	-317
Increase/decrease in other liabilities, which are not allotted to the investment or financing activity	61	49
Cash flow from the ongoing business activity	2,947	5,301
Inpayment from the outflow of tangible/intangible fixed asset objects	87	83
Outpayments for investments in tangible/intangible fixed assets	-3,557	-4,220
Cash flow from the investment activity	-3,470	-4,137
Free cash flow	-523	1,164
Inpayments/outpayments from borrowing/repayment of loans from credit institutions/banks	-300	0
Outpayment convertible bond	0	0
Interest outpayment/Interest inpayment	-240	-333
Cash flow from financing activity	-540	-333
Changes in the funds that affect the payment	-1,063	831
Funds at the beginning of the period	7,735	3,945
Funds at the end of the period	6,672	4,776
Funds available at the end of the fiscal year		
Means of payment	6,672	4,776
Tax outpayments	14	0

Group's Annual Balance Sheet According to IFRS for the Second Quarter of 2009

Consolidated Balance Sheet

Assets in €k	06/30/2009	12/31/2008
A. LONG-TERM-ASSETS		
I. Fixed assets		
1. Intangible assets	13,463	14,774
2. Fixed assets	2,674	2,732
Total	16,137	17,506
II. Deferred tax assets	8,056	6,362
Total long-term-assets	24,193	23,868
B. SHORT-TERM-ASSETS		
I. Inventories		
1. Finished goods	1,573	1,476
2. Work in process and semi-finished goods	1,277	1,351
3. Raw materials and supplies	3,521	4,151
4. Trade goods	215	191
Total	6,586	7,169
II. Short-term financial assets		
1. Short-term receivables		
- Trade accounts receivable	3,240	4,572
- Receivables of Percentage of Completion	4,347	5,719
Total	7,587	10,291
2. Other short-term financial assets and accruals	645	730
III. Claim for Tax refunds	317	378
IV. Cash and cash equivalents	6,672	7,735
Total short-term-assets	21,807	26,303
Total assets	46,000	50,171

Group's Annual Balance Sheet According to IFRS for the Second Quarter of 2009

Consolidated Balance Sheet

Liabilities in €k	06/30/2009	12/31/2008
A. SHAREHOLDER'S EQUITY		
I. Subscribed capital	3,500	3,500
II. Capital reserve	1,131	1,131
III. Equitization of currency exchange	182	155
IV. Accumulated earnings	17,553	23,210
Total shareholders equity	22,366	27,996
B. LONG-TERM DEBT		
I. Long-term liabilities		
1. Silent partnership	1,023	1,023
2. Long-term liabilities to banks	6,811	7,111
II. Deferred tax liabilities	7,237	6,746
Total long-term-debt	15,071	14,880
C. SHORT-TERM DEBT		
I. Convertible bond	2,345	2,228
II. Short-term liabilities to banks	600	600
III. Short-term accrual liabilities	2,918	2,398
IV. Short-term other liabilities		
1. Payables from delivery and services	1,298	934
2. Down payments	718	398
3. Other liabilities	369	455
V. Tax provisions	315	282
Total short-term debt	8,563	7,295
Total liabilities	46,000	50,171

Group's Annual Balance Sheet According to IFRS for the First Half Year 2009
 Primary Group Segment Information (IFRS) (Segments According to Business Units)

in €k	Basler Components		Basler Solutions		Reconsolidation		Group	
	01/01/- 06/30/2009	01/01/- 06/30/2008	01/01/- 06/30/2009	01/01/- 06/30/2008	01/01/- 06/30/2009	01/01/- 06/30/2008	01/01/- 06/30/2009	01/01/- 06/30/2008
Segment revenues	9,911	14,864	6,218	12,307	0	0	16,129	27,171
Segment results (EBIT)	-702	2,002	-4,310	-46	-1,425	-18	-6,437	1,938
Segment assets	18,147	19,080	10,346	16,277	1,818	2,456	30,311	37,813
Segment liabilities	27	31	845	1,092	-154	-65	718	1,058
Segment investments	1,871	2,445	1,293	1,396	-20	379	3,144	4,220
Segment depreciations	1,437	1,192	2,562	2,314	-1,163	370	2,836	3,876
- extraordinary	1	0	1,105	0	0	0	1,106	0

Group's Annual Balance Sheet According to IFRS for the Second Quarter of 2009
 Primary Group Segment Information (IFRS) (Segments According to Business Units)

in €k	Basler Components		Basler Solutions		Reconsolidation		Group	
	04/01/- 06/30/2009	04/01/- 06/30/2008	04/01/- 06/30/2009	04/01/- 06/30/2008	04/01/- 06/30/2009	04/01/- 06/30/2008	04/01/- 06/30/2009	04/01/- 06/30/2008
Segment revenues	5,642	7,558	2,459	7,430	0	0	8,101	14,988
Segment results (EBIT)	435	977	-3,556	993	-1,569	-437	-4,690	1,533
Segment investments	1,119	1,693	541	644	-772	-373	888	1,964
Segment depreciations	766	627	1,839	1,361	-1,344	187	1,261	2,175
- extraordinary depreciation	0	0	1,105	0	0	0	1,105	0

Further Information, Not by Segment

Turnover by Region

in €k	01/01/- 06/30/2009	01/01/- 06/30/2008
Germany	2,330	4,061
Other EU countries	3,490	5,879
America	2,838	4,676
Asia	7,471	12,555
Total	16,129	27,171

Turnover by Region

in €k	04/01/- 06/30/2009	04/01/- 06/30/2008
Germany	738	2,144
Other EU countries	1,775	3,393
America	1,679	2,599
Asia	3,909	6,852
Total	8,101	14,988

The Fixed Assets of the Basler Group are Held in the Following Countries:

in €k	06/30/2009	06/30/2008
Germany	16,044	17,734
America	42	43
Asia	50	57
Total	16,136	17,834

SCHEDULE OF EVENTS FOR 2009

Finance

05.11.2009	Publication of third-quarter results 2009
09. - 11.11.2009	Eigenkapitalforum (Equity Capital Forum), Frankfurt, Germany

Trade fairs and conferences

09. - 12.09.2009	Globaltronics, Singapore
21. - 24.09.2009	ASIS – Anaheim, USA
21. - 24.09.2009	24th EUPVSEC – Hamburg, Germany
03. - 05.11.2009	Vision Show – Stuttgart, Germany (www.messe-stuttgart.de/VISION)
20. - 22.11.2009	Vision Show - Beijing, China
03. - 05.12.2009	International Technical Exhibition on Image Technology and Equipment – Yokohama, Japan

BRANCH OFFICES

Basler AG - Zentrale
An der Strusbek 60 - 62
D-22926 Ahrensburg
Germany
Tel.: +49 4102 463-0
Fax: +49 4102 463-109
info@baslerweb.com
www.baslerweb.com

Basler, Inc.
855 Springdale Drive 160
Exton, Pa 19341, USA
Tel.: +1 610 280-0171
Fax: +1 610 280-7608
info@baslerweb.com
www.baslerweb.com

Basler, Asia Pte.Ltd.
8 Boon Lay Way
03-03 Tradehub 21
Singapore 609964
Tel.: + 65 6425 0472
Fax: + 65 6425 0473
singapore@baslerweb.com
www.baslerweb.com

Basler Vision Technologies, Taiwan Inc.
No. 21, Sianjheng 8th St.
Jhubei City, Hsinchu County 30268
Taiwan/R.O.C.
Tel.: +886 3 5583955
Fax: +886 3 5583956
basler-tw@baslerweb.com
www.baslerweb.com

**Basler China
Representative Office**
Room #12H, No. 28,
Cao Xi Bei Road, Xu Hui District
Shanghai, 200030 China
Tel.: + 86 21 64 31 11 88
Fax: + 86 21 64 31 11 88
shanghai@baslerweb.com
www.baslerweb.com

**Basler Japan
Representative Office**
#603-24-8 Yamashitacho
Naka-ku, Yokohama, Kangawa
231-0023 Japan
Tel.: + 81 45 227 6210
Fax: + 81 45 227 6220
bc.sales.japan@baslerweb.com
www.baslerweb.com

**Basler Korea (Basler Solutions)
Representative Office**
720 Booldang-Dong
8th Floor at Hanna Plaza
Cheonan City, ChoonChung-
Nam-Do
Tel.: + 82 41 578 27 17
korea@baslerweb.com
www.baslerweb.com

**Basler Korea (Basler Components)
Representative Office**
No. 520, 5th Flor, Hana Plaza
173-29, Yeomni-dong, Seoul,
121-874, Korea
Tel.: +822 3272 0598
Fax +822 3272 0599
vc.sales.korea@baslerweb.com
www.baslerweb.com